

# Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.58(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

## 1. Directors who are standing for re-appointment and re-elections at the 48th Annual General Meeting of the Company.

The Directors retiring pursuant to the Section 129(6) of the Companies Act, 1965 and the Articles of Association and seeking re-appointment/re-elections are:-

Tan Sri Dato' Mohd Desa Pachi

Dato' Anwar Aji

Dr Roslan A. Ghaffar

A Director was appointed during the year. In accordance with the Articles of Association, he is seeking re-election.

The Director is:-

En Izlan Izhah (Appointed on 26 July 2004)

The details of the four Directors seeking re-appointment/re-elections are set out in the Directors' profile which appear on pages 16 to 17 of the Annual Report.

The details of the four Directors' securities holding in the Company and its subsidiaries (if any) are stated on pages 7 and 89.

## 2. Board meetings held during the financial year ended 31 December, 2004.

A total of fifteen (15) Board Meetings were held during the financial year ended 31 December, 2004 in which four (4) were Ordinary Board meetings, nine (9) were Special Board meetings and two (2) were Joint Special Board meetings with the Board of Bumiputra-Commerce Bank Berhad.

Date	Hours	Location	Type
19 January, 2004	10.00 a.m	Boardroom, 12th Floor, Commerce Square	Special
4 February, 2004	10.00 a.m	Boardroom, 12th Floor, Commerce Square	Ordinary
12 February, 2004	3.00 p.m	Boardroom, 12th Floor, Commerce Square	Special
27 February, 2004	9.00 a.m	Boardroom, 12th Floor, Commerce Square	Special
13 April, 2004	10.00 a.m	Boardroom, 12th Floor, Commerce Square	Special
26 April, 2004	2.00 p.m	Boardroom, 12th Floor, Commerce Square	Ordinary
4 June, 2004	8.30 a.m	Boardroom, 12th Floor, Commerce Square	Special
12 July, 2004	4.00 p.m	Boardroom, 12th Floor, Commerce Square	Special
6 August, 2004	3.00 p.m	Boardroom, 12th Floor, Commerce Square	Ordinary
23 August, 2004	2.15 p.m	Meeting Room, Kuala Lumpur Golf Country Club	Special
27 August, 2004	9.30 a.m	Boardroom, 12th Floor, Commerce Square	Joint Special
6 October, 2004	8.30 a.m	Meeting Room, Kuala Lumpur Golf Country Club	Joint Special
29 October, 2004	9.30 a.m	Boardroom, 12th Floor, Commerce Square	Ordinary
3 November, 2004	2.30 p.m	Boardroom, 12th Floor, Commerce Square	Special
22 December, 2004	2.30 p.m	Boardroom, 12th Floor, Commerce Square	Special

## 3. Details of attendance at Board Meetings held in the financial year ended 31 December, 2004.

Name of Directors	Number of meetings attended	Percentage of attendance
Tan Sri Dato' Mohd Desa Pachi	15/15	100%
Dr Rozali Mohamed Ali	15/15	100%
Dato' Anwar Aji	14/15	93%
En Mohd Salleh Mahmud	15/15	100%
Tan Sri Datuk Asmat Kamaludin	12/15	80%
Dr Roslan A. Ghaffar	14/15	93%
En Izlan Izhah	6/7 (a)	86%
Mr Masayuki Kunishige	5/7 (b)	71%

(a) En Izlan Izhah attended six out of the seven Board Meetings held since his appointment on 26 July 2004.

(b) Mr Masayuki Kunishige attended five out of the seven Board Meetings prior to his resignation on 28 June 2004.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### Statement of Proposed Renewal of Authority for Commerce Asset-Holding Berhad to Purchase Its Own Shares ("Proposed Shares Buyback")

#### 1. INTRODUCTION

##### 1.1 Renewal Of Authority For Commerce Asset-Holding Berhad ("the Company" or "CAHB") To Purchase Its Own Shares

At the Company's Annual General Meeting ("AGM") held on April 19, 2004, the Company had obtained approval from the shareholders, for the Company to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained profits of approximately RM641.4 million and/or share premium account of approximately RM1,787.7 million of the Company based on the audited financial statements for the financial year ended 31 December 2003.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with the Listing Requirements of Bursa Securities governing share buy-back by listed companies will lapse at the conclusion of the coming forty-eighth (48th) AGM.

It is the intention of the Company to renew the authority to purchase its own shares by way of an ordinary resolution.

##### 1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution, which is to give effect to the Proposed Shares Buy-Back to be tabled at the coming forty-eighth (48th) AGM. A notice of the AGM together with the Proxy Form is set out in this Annual Report.

#### 2. DETAILS OF THE PROPOSED SHARES BUY BACK

The Board of Directors proposes to seek shareholders' approval for a renewal of the authority to purchase and/or hold in aggregate of up to ten per centum (10%) of the issued and paid-up share capital of the Company at any point of time through Bursa Securities. Based on the issued and paid up share capital of the Company as at 28 February 2005 of RM2,704,541,260 comprising 2,704,541,260 ordinary shares of RM1.00 each in the Company ("CAHB Shares"), a total of 270,454,126 CAHB Shares may be purchased by the Company pursuant to the Proposed Shares Buy Back. The maximum number of shares that can be bought back under this renewal will take into account the number of shares previously brought back and retained as treasury shares.

Such authority, if so approved, would be effective immediately upon passing of this ordinary resolution until:

- i. the conclusion of the next AGM of CAHB in 2006 at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions;
- ii. the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant authorities.

The Board of Directors proposed to allocate an amount of up to retained profits and/or share premium account of the Company for the purchase of own shares subject to the compliance with section 67A of the Act (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase ("Prevailing Laws"). The actual number of CAHB Shares to be purchased will depend on the market conditions and sentiments of Bursa Securities as well as the retained profits and the share premium account and financial resources available to the Company. The audited retained profits of the Company as at 31 December 2004 was RM735.1 million whilst the audited share premium account of the Company as at 31 December 2004 was approximately RM1,881.1 million.

CAHB may only purchase its own shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the past five (5) market days immediately preceding the date of the purchase(s). The Company may only resell the purchased shares held as treasury shares at a price which is not less than the weighted average market price of CAHB Shares for the five (5) market days immediately preceding the date of re-sale or not less than 5% below the weighted average market price of CAHB Shares for the five (5) market day immediately prior to the re-sale provided that the re-sale takes place no earlier than 30 days from the date of purchase and the re-sale price is not less than the cost of purchase of the CAHB Shares being re-sold. The Company shall, upon each purchase or re-sale of shares, make the necessary announcements to the Bursa Securities. As at 28 February 2005, all the shares bought back which have been treated as treasury shares have been cancelled.

The Proposed Shares Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time period using internal funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the available internally generated funds, actual number of CAHB Shares to be purchased, the anticipated future cashflows of the Group and other cost factors.

Purchased CAHB Shares held as treasury shares may be distributed as share dividends, re-sold on Bursa Securities in accordance with the relevant rule of Bursa Securities, cancelled or continue to be retained as treasury shares. The decision whether to retain the purchased shares as treasury shares, to cancel the shares purchased, distribute the treasury shares as share dividends and/or resell the treasury shares on Bursa Securities will be made by the Board at the appropriate time.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### Statement of Proposed Renewal of Authority for Commerce Asset-Holding Berhad to Purchase Its Own Shares ("Proposed Shares Buyback")

The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or the share premium account of the Company. The treatment of the purchased shares held as treasury shares either distributed as share dividends or resold by the Company on Bursa Securities or both will in turn, depend on the availability of, among others, retained profits, share premium account and tax credits (in relation to Section 108 of the Income tax Act 1967) of the Company.

While the purchased shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number of percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the provision of Section 67A of the Act, the provisions of any law or requirements of the Articles of Associations of the Company or the Listing Requirements governing substantial shareholding, takeovers, notices, the requisitioning of meetings, quorum for a meeting and the result of a vote on a resolution at a meeting.

The Proposed Shares Buy-Back will be carried out in accordance with the Prevailing Laws at the time of the purchase including compliance with the public shareholding spread as required by the Listing Requirements.

The public shareholding spread of the Company before and after the Proposed Shares Buy-Back are as follows:

	<b>Before the Proposed Shares Buy-Back</b>	<b>After the Proposed Shares Buy-Back</b>
Public shareholding spread	53.5% * <sup>1</sup>	48.3% * <sup>2</sup>

#### Notes:

\*<sup>1</sup> As at 28 February 2005

\*<sup>2</sup> Based on the assumptions that:

- (i) the Proposed Shares Buy-Back involves the aggregate purchase of 270,454,126 CAHB Shares (being an amount of 10% of the issued and paid up share capital of the Company as at 28 February 2005) which are to be retained as treasury shares; and
- (ii) the number of CAHB Shares held by Directors of the CAHB Group, the substantial shareholders of CAHB and persons connected to them remain unchanged.

### 3. RATIONALE FOR THE PROPOSED SHARES BUY-BACK

The Proposed Shares Buy-Back will enable the CAHB Group to utilise any of its surplus financial resources to purchase CAHB Shares. The increase in earnings per share ("EPS"), if any, arising from the Proposed Shares Buy-Back is expected to benefit the shareholders of the Company.

The purchased shares can be held as treasury shares and re-sold on Bursa Securities with the intention of realising potential gain without affecting the total issued and paid-up share capital of the Company. The distribution of the treasury shares as share dividends also serves to reward the shareholders of the Company.

### 4. EVALUATION OF THE PROPOSED SHARES BUY-BACK

#### 4.1 Advantages

The potential advantages of the Proposed Shares Buy-Back are as follow:

- (i) Allows the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- (ii) Allows the Company more flexibility in fine-tuning its capital structure;
- (iii) The resultant reduction of share capital base is expected to improve the EPS and may strengthen the net tangible assets ("NTA") of the remaining shares as well as the probability of declaring a higher quantum of dividend in future;
- (iv) To stabilise a downward trend of the market price of the Company's shares;
- (v) Treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board of Directors is confident of CAHB's future prospects and performance in the long term;
- (vi) If the treasury shares are distributed as dividend by the Company, it may then serve to reward the shareholders of the Company.

#### 4.2 Disadvantages

The potential disadvantages of the Proposed Shares Buy-Back are as follows:

- (i) The purchase can only be made out of distributable reserves resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders; and
- (ii) The purchases of existing shares involve cash outflow from the Company which may otherwise be retained in the business to generate greater profits.

Nevertheless, the Board of Directors will be mindful of the interest of CAHB and its shareholders in undertaking the Proposed Shares Buy-Back.

### 5. EFFECTS OF PROPOSED SHARES BUY-BACK

Assuming that the Company purchases up to 270,454,126 CAHB Shares representing approximately ten per centum (10%) of its issued and paid-up share capital as at 28 February 2005 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the effects of the Proposed Shares Buy-Back on the share capital, NTA, working capital, earnings and substantial shareholders' and Directors' shareholdings as well as the implication relating to the Code are as set out below:

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### 5.1 Share Capital

In the event that all the CAHB Shares purchased are to be cancelled, the Proposed Shares Buy-Back will result in the issued and paid-up share capital of CAHB as at 28 February 2005 be reduced from RM2,704,541,260 comprising 2,704,541,260 CAHB Shares to RM2,434,087,134 comprising 2,434,087,134 CAHB Shares. However, it is not expected to have any effect on the issued and paid-up share capital if all the CAHB Shares purchased are to be retained as treasury shares.

The effects of the Proposed Shares Buy-Back on the issued and paid up share capital of CAHB are illustrated below:

	As per Audited Financial Statements At 31 December 2004	As at 28 February 2005	After Share Purchase and Cancellation
Issued and paid up share capital (RM)	2,691,740,260	2,704,541,260* <sup>1</sup>	2,434,087,134* <sup>2</sup>

**Notes:**

\*<sup>1</sup> After issuance of 12,801,000 CAHB Shares pursuant to Employee Share Option Scheme.

\*<sup>2</sup> Assuming approximately 10% or 270,454,126 CAHB Shares are purchased and cancelled.

### 5.2 NTA and Working Capital

The effects of the Proposed Shares Buy-Back on the NTA per share of the Group are dependent on the purchase prices of CAHB Shares and the effective funding cost or loss in interest income to the Group.

If all the CAHB Shares purchased are to be cancelled or retained as treasury shares, the Proposed Shares Buy-Back will reduce the NTA per share when the purchase price exceeds the NTA per share at the relevant point in time. On the contrary, the NTA per share will be increased when the purchase price is less than the NTA per share at the relevant point in time.

The Proposed Shares Buy-Back will reduce the working capital of the Group, the quantum of which will depend on the amount of financial resources to be utilised for the purchase of CAHB Shares.

### 5.3 Earnings

The effects of the Proposed Shares Buy-Back on the EPS of the Group are dependent on the purchase prices of CAHB Shares purchased and the effective funding cost or loss in interest income to the Group.

### 5.4 Substantial Shareholders' and Directors' Shareholdings

The effects of the Proposed Shares Buy-Back on the substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' shareholdings respectively as at 28 February 2005 are as follow:

Substantial Shareholders	No. of CAHB Shares Held							
	Before the Proposed Shares Buy-Back				After the Proposed Shares Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Employees Provident Fund Board	655,616,326* <sup>1</sup>	24.24	–	–	655,616,326* <sup>1</sup>	26.93	–	–
Khazanah Nasional Berhad	342,908,900	12.68	–	–	342,908,900	14.09	–	–
Kumpulan Wang Amanah Pencen	258,719,172* <sup>2</sup>	9.57	–	–	258,719,172* <sup>2</sup>	10.63	–	–

**Notes:**

\*<sup>1</sup> 645,135,926 CAHB Shares are held directly and the remaining 10,480,400 CAHB Shares are held through nominees companies.

\*<sup>2</sup> 58,270,000 CAHB Shares are held directly, 5,284,000 CAHB Shares are held through nominee companies and 195,165,172 CAHB Shares are swap shares with Minister of Finance ("MoF").

Directors	No. of CAHB Shares Held							
	Before the Proposed Shares Buy-Back				After the Proposed Shares Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Sri Dato' Mohd Desa Pachi	–	–	–	–	–	–	–	–
Dr Rozali Mohamed Ali	314,800	–	* <sup>1</sup>	–	314,800	–	* <sup>1</sup>	–
Dato' Anwar Aji	–	–	–	–	–	–	–	–
Mohd Salleh Mahmud	–	–	–	–	–	–	–	–
Tan Sri Datuk Asmat Kamaludin	–	–	26,000	* <sup>1</sup>	–	–	26,000	* <sup>1</sup>
Dr Roslan A. Ghaffar	–	–	–	–	–	–	–	–
Izlan Izzah	–	–	–	–	–	–	–	–

**Notes:**

\*<sup>1</sup> Below 0.1% equity interest as at 28 February 2005.

The shareholding of Dr Rozali Mohamed Ali does not include 800,000 share options granted under the employee share option scheme which have not been exercised.

Save as disclosed above, none of the Directors, substantial shareholders, and persons connected with Directors and/or substantial shareholders has held any CAHB Shares.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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### 6. SHARE PRICES

The monthly highest and lowest prices of CAHB Shares traded on Bursa Securities for the last twelve (12) months from March 2004 to February 2005 are as follow:

	High (RM)	Low (RM)
<b>2004</b>		
March	5.65	5.20
April	5.20	4.86
May	5.10	4.46
June	4.90	4.60
July	5.25	4.66
August	4.68	4.18
September	4.80	4.48
October	4.60	4.44
November	4.90	4.46
December	4.90	4.68
<b>2005</b>		
January	5.05	4.70
February	4.86	4.66

### 7. PURCHASES AND RE-SALES MADE IN THE PREVIOUS TWELVE (12) MONTHS

There were no share buyback transactions and resale of treasury shares during the previous twelve (12) months. The Company has cancelled 35,853,000 treasury shares against the share capital on 27 February 2004. The adjusted number of issued and fully paid shares with voting rights as at 31 December 2004 was 2,691,740,260 shares.

### 8. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors and substantial shareholders of the Company have any interest, direct or indirect in the Proposed Shares Buy-Back and, if any, the resale of treasury shares. None of the persons connected to the Directors and substantial shareholders of the Company have any interest, direct or indirect in the Proposed Shares Buy-Back and if any, the resale of treasury shares.

### 9. DIRECTORS' RECOMMENDATION

After careful consideration, your Board of Directors are of the opinion that the Proposed Shares Buy-Back is in the interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

### 10. MALAYSIAN CODE OF TAKE-OVERS AND MERGERS 1998 ("CODE")

The Proposed Share Buy-Back if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provision under Practice Note 2.7 and 2.9 of the Code.

### 11. STATEMENT BY BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement.