

icapital.biz Berhad (674900 X)

2008 Annual Report

## About icapital.biz Berhad

### (a) Who we are

icapital.biz Berhad (your Fund) is a closed-end fund that invests in undervalued companies which are listed on the Main and Second Boards of Bursa Malaysia Securities Berhad (Bursa Securities) and the MESDAQ Market of Bursa Securities. It can also invest up to 10% of its asset value in unlisted companies.

With a RM140 million paid-up capital, your Fund has a fixed number of outstanding shares at any point in time. Like other publicly traded companies, its share price is determined entirely by market supply and demand. Similarly, shares of your Fund are bought and sold in the stock market via licensed stockbroking companies.

Even before its listing on 19 October 2005, the aim has been to increase the value of your Fund. This is achieved by adhering to a value investing philosophy. As a value investor, investments will be selected based on their market prices and underlying values.

Unless approved by the shareholders, your Fund is not allowed to borrow.

### (b) Why we exist

icapital.biz Berhad exists for one simple reason : to allow long-term shareholders or more aptly called share owners, to benefit from value investing. Investing in your Fund allows the power of compounding to work for you. If we succeed in achieving this, we would have also shown that serious long-term investing in Bursa Securities can offer superior returns.

### (c) Who runs your Fund

Set up as a company under the Companies Act 1965, icapital.biz Berhad

is represented by its Board of Directors. The Board members are non-executive and undertake a supervisory role to ensure that your Fund operates in an orderly fashion at all times.

Your Fund does not have any staff. Its operations are outsourced to independent service providers. The main service providers are the fund manager, the investment adviser, the custodian and the administrator.

The assets are managed by the fund manager, in accordance with the approved investment policies and objectives while the investment research and analysis is provided by the investment adviser. The assets are safe kept by the custodian while the accounting and administrative services are outsourced to the administrator.

Your Fund also requires the services of a corporate secretary, share registrar, external auditor and tax agent and has outsourced the internal audit function. The internal auditor reports directly to the Audit Committee.

There are major differences between a unit trust fund and a closed-end fund. For a copy of the report explaining these, please contact the investment adviser, Capital Dynamics Sdn Bhd or please visit [www.icapital.biz](http://www.icapital.biz) or [www.icapitaleducation.biz](http://www.icapitaleducation.biz).

### (d) How to contact us

The company secretary can be contacted at (603) 7718 6188, at fax no (603) 7725 7791 or at [corpserv@pfa.com.my](mailto:corpserv@pfa.com.my).

The fund manager can be contacted at (603) 2070 2106, at fax no (603) 2070 6653 or at [cdam@cdam.biz](mailto:cdam@cdam.biz).

The investment adviser can be contacted at (603) 2070 2104, at fax no (603) 2070 2103 or at [cdsb@icapital.biz](mailto:cdsb@icapital.biz).

**(a) Letter to Share Owners**

For the period ended 31 May 2008, your Fund recorded revenue of RM45.666 million, a rise of RM25.79 million or 130% when compared with the period ended 31 May 2007. Your Fund recorded a pretax profit of RM41.119 million for the period ended 31 May 2008, compared with a pretax profit of RM16.754 million for the last financial year. The improvement is due mainly to profit on sale of securities and higher dividend income. From a profit after taxation of RM14.600 million in the last financial year, your Fund recorded an after tax profit of RM39.080 million for the current financial year.

Needless to say that in appraising the performance of your Fund, its net asset value (NAV) is the key variable to focus on. The NAV of your Fund rose from RM1.65 per share on 31 May 2007 to RM1.95 per share by 31 May 2008 or an impressive gain of 18%. The KL Composite Index declined 5.1% for the said period.

Again, although the appreciation in the NAV of your Fund was higher than that of the KL Composite Index, your Fund consistently had around RM60.000 million in short-term deposits or cash. What this implies is that the value of your Fund's investments had appreciated by a much bigger percentage than shown by the rise in the NAV.

In last year's annual report, I expressed my hopes that the discount to your Fund's NAV would be a temporary anomaly. Since then, your Fund has been trading at a premium to its NAV, which makes more sense. Why?

The period since the second annual report has been filled with global financial uncertainties and economic worries, sparked off by the US subprime problem in August 2007. As this led to other financial problems, all eyes turned on the Federal Reserve. As former Federal Reserve Chairman Paul Volcker succinctly described the situation,

*"I think Bernanke is in a very difficult situation ..... Too many bubbles have been going on for too long"*

Roger Lowenstein, The New York Times – 20 Jan 2008.

Whether it is the subprime problem, or the huge banking losses or the corporate closures, one of the underlying causes is greed. Often, such greed is manifested in the form of unnecessary borrowings. It is during such turbulent and frightening times that we find it useful to highlight a very unique feature of your Fund, a feature that many share owners may, unfortunately, not be aware of or may have forgotten.

The constitution of your Fund has been intentionally written in such a way that it cannot borrow unless it receives unanimous approval from its share owners. Together with the fact that your Fund does not invest in derivatives or engage in short selling, the benefits of such a conservative approach is often overlooked until serious problems arise. The way your Fund has been structured so carefully is a reassuring comfort to us all.

While the lack of borrowings or derivatives may lower the returns in the short-run, investment success comes not from how fast your investment appreciates but how sustainable the gains are.

Your Fund is a value investor, and hopefully its owners are as well. As I explained in last year's report, I have constantly referred all of you as share owners and not shareholders. Holding implies something transitory while owning implies a more permanent state of affairs.

In conclusion, on behalf of the Board, I once again look forward to a long and rewarding relationship.

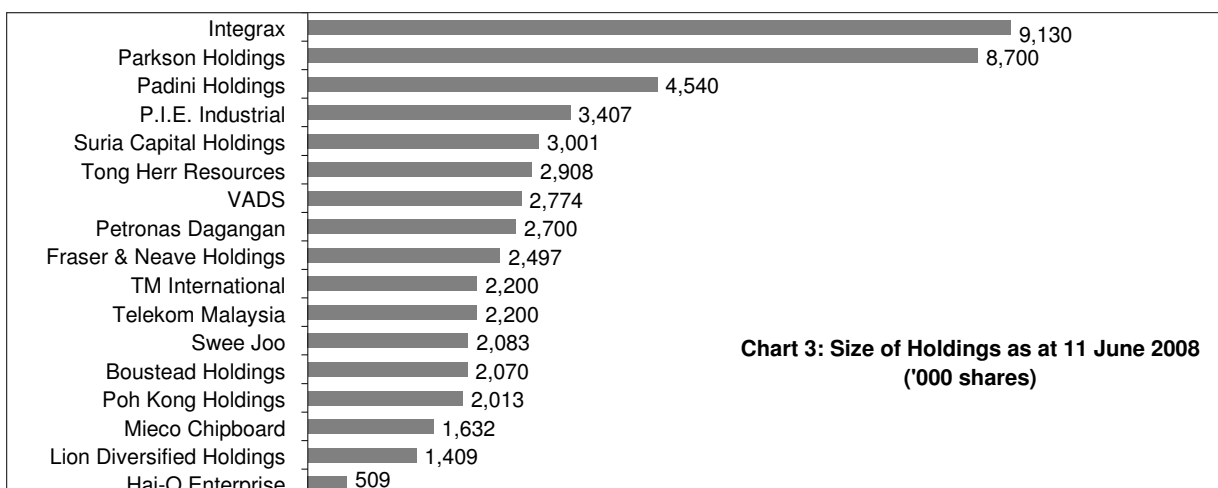
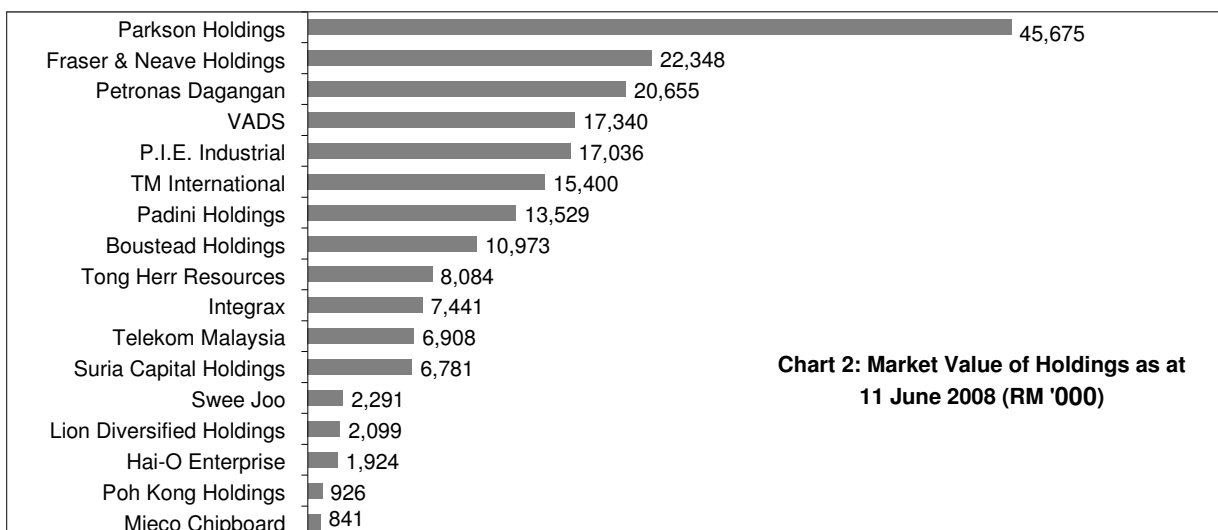
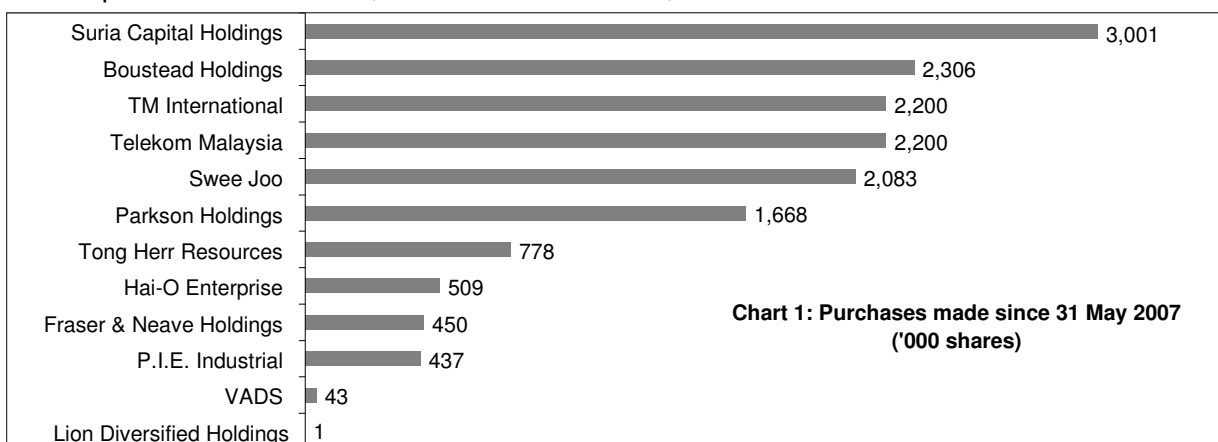
YM Tunku Tan Sri Dato' Seri Ahmad Bin  
Tunku Yahaya  
Chairman  
11 June 2008

**(b) What we have done with your funds**

*“Investing is most intelligent when it is most business-like” – Benjamin Graham*

**(i) Investment portfolio**

The purchases made since 31 May 2007 and the current portfolio, in terms of quantity held and their respective market value, are shown in charts 1, 2 and 3 below.



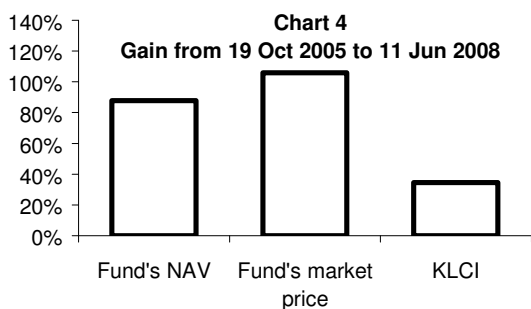
**(ii) Investments sold**

For the financial year ending 31 May 2008, your Fund sold its entire holdings in United Malacca and UMW Holdings. In addition, it sold partially its holdings of Boustead Holdings, Integrax, Lion Diversified, Petronas Dagangan and Poh Kong. These sales generated realised gains of RM36.726 million with a cost of RM25.684 million. The sales were made as your Fund took the view that the risk-reward ratio in holding on was not favourable.

As at 31 May 2008, your Fund invested RM132.137 million with a market value of RM213.538 million, giving unrealised gains of RM81.401 million. Of the Fund's investments as at 31 May 2008, Fraser & Neave, Padini, Parkson, Petronas Dagangan, PIE and VADS have substantial unrealised gains.

**(iii) Investments made**

In the year ending 31 May 2008, your Fund made a number of purchases. New investments were Boustead, Hai-O Enterprise, Suria Capital, Swee Joo, Telekom Malaysia and TM International. Your Fund also made additional investments in Fraser & Neave, Parkson, PIE, Tong Herr and VADS.



**(iv) NAV and market price**

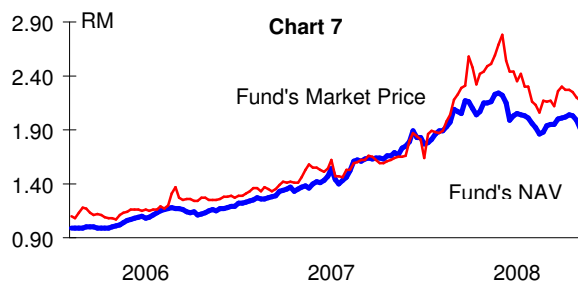
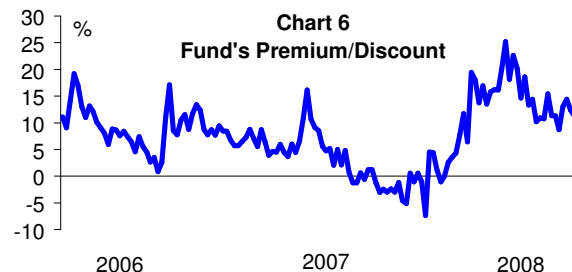
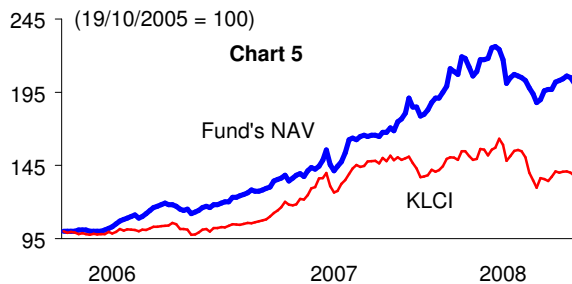
Since its listing on 19 October 2005, the NAV per share of your Fund has risen from RM0.99 to RM1.95 by 31 May 2008. This represents a gain of 96.97%. Since its listing on 19 October 2005, the market price of your Fund has risen from RM1.01 to RM2.20 by 31 May 2008. This represents a gain of 118%.

From 1 June 2007 to 31 May 2008, the NAV per share of your Fund has risen from RM1.65 to RM1.95 by 31 May 2008. This represents a gain of 18%. Since 1 June 2007, the market price of your Fund has risen from RM1.58 to RM2.20 by 31 May 2008 or a gain of 39%.

The statistics showing the performance of your Fund and comparison with the KL Composite Index (KLCI) is shown in chart 5. Chart 6 shows your Fund's premium/discount and chart 7 shows the NAV per share and market price.

**(v) What we think**

Since our review last year, the world economy has lost little of its growth momentum, despite the global financial turbulence and the US economic slowdown.



As highlighted in the first and second annual reports, the world economy is undergoing a structural transformation, enabling the rest of the world to be decoupled from the US economy. This positive development has not translated into rising equity markets, as the surge in crude oil price begins to bite.

At the same time, the surprising results of the 2008 Malaysian election added another dimension of uncertainty. Bursa Malaysia now has to grapple with an unprecedented political landscape. After a long time, there is now competition in the Malaysian political environment. There are two possible extreme outcomes. One will lead to chaos of sorts; the other will mark the beginning of a politically matured Malaysia. Either way, Bursa Malaysia will be affected. In such situations, one appreciates the "Intelligently eclectic" investment style of your fund manager as it allows us to be on the lookout for attractive investments and also be on the lookout for new risks.

Tan Teng Boo  
 Designated Person  
 Capital Dynamics Asset Management Sdn Bhd  
 11 June 2008

### (a) Siapakah kami

icapital.biz Bhd (Dana anda) merupakan sebuah dana tertutup yang melabur di dalam syarikat-syarikat yang tersenarai di Papan Utama dan Kedua dan Pasaran MESDAQ Bursa Malaysia Securities Berhad (Bursa Securities) yang terkurang nilai. Ia juga boleh melabur 10% daripada nilai asetnya di dalam syarikat-syarikat yang tidak tersenarai.

Dengan modal berbayar sebanyak RM140 juta, Dana anda mempunyai bilangan saham terbitan yang tetap pada bila-bila masa. Seperti syarikat lain yang didagangkan secara awam, harga sahamnya ditentukan sepenuhnya oleh penawaran dan permintaan pasaran. Transaksi jual beli saham Dana anda juga dilaksanakan dalam pasaran saham melalui syarikat broker saham yang berlesen. Walaupun sebelum penyenaiaannya pada 19 Oktober 2005, matlamat utama adalah untuk menggandakan nilai Dana anda. Ini dicapai dengan mengikuti falsafah pelaburan berasaskan nilai. Sebagai seorang pelabur berasaskan nilai, pemilihan pelaburan akan dipilih berdasarkan kepada harga pasaran dan nilai dasar pelaburan tersebut.

Kecuali dengan kebenaran pemegang saham, Dana anda tidak dibenarkan untuk meminjam.

### (b) Kenapa kami wujud

icapital.biz Berhad wujud hanya untuk satu tujuan: untuk membolehkan pemegang saham jangka panjang atau lebih sesuai dipanggil pemilik saham memperoleh manfaat daripada pelaburan berasaskan nilai. Melabur dalam Dana anda membenarkan anda mendapat keuntungan melalui kuasa gandaan faedah. Sekiranya kami berjaya mencapai matlamat ini, kami juga dapat membuktikan bahawa pelaburan jangka panjang yang serius dalam Bursa Securities boleh menawarkan pulangan yang lumayan.

### (c) Siapa yang mengurus Dana anda

Ditubuhkan sebagai sebuah syarikat di bawah Akta Syarikat 1965, icapital.biz Bhd diwakili oleh Ahli Lembaga Pengarah. Ahli

Lembaga adalah bukan eksekutif dan memainkan peranan sebagai penyelia untuk memastikan bahawa Dana anda beroperasi mengikut cara yang telah ditetapkan pada setiap masa.

Dana anda tidak mempunyai pekerja. Operasinya dipertanggungjawabkan kepada pembekal perkhidmatan yang bebas. Pembekal perkhidmatan yang utama ialah pengurus dana, penasihat pelaburan, penjaga dana dan pentadbir dana.

Segala aset diuruskan oleh pengurus dana, sejajar dengan polisi dan objektif pelaburan yang dibenarkan sementara penyelidikan dan analisis pelaburan disediakan oleh penasihat pelaburan. Segala aset dipegang dan dijaga oleh penjaga dana, sementara perkhidmatan perakaunan dan pengurusan pentadbiran dipertanggungjawabkan kepada pentadbir dana.

Dana anda juga memerlukan perkhidmatan daripada setiausaha korporat, pendaftar saham, juruaudit luar dan agen cukai dan fungsi audit dalaman telah dipertanggungjawabkan kepada pihak luar. Juruaudit dalaman melapor terus kepada Jawatankuasa Audit.

Terdapat perbezaan yang ketara di antara amanah saham dan dana tertutup. Untuk salinan laporan yang menerangkan perbezaan ini, sila hubungi penasihat pelaburan, Capital Dynamics Sdn Bhd atau layari laman web [www.icapital.biz](http://www.icapital.biz) atau [www.icapitaleducation.biz](http://www.icapitaleducation.biz).

### (d) Bagaimana menghubungi kami

Setiausaha syarikat boleh dihubungi di talian (603) 7718 6188, nombor faks (603) 7725 7791 atau e-mel [corpserv@pfa.com.my](mailto:corpserv@pfa.com.my).

Pengurus dana boleh dihubungi di talian (603) 2070 2106, nombor faks (603) 2070 6653 atau e-mel [cdam@cdam.biz](mailto:cdam@cdam.biz).

Penasihat Pelaburan boleh dihubungi di talian (603) 2070 2104, nombor faks (603) 2070 2103 atau e-mel [cdsb@icapital.biz](mailto:cdsb@icapital.biz).

### (a) Surat kepada Pemilik Saham

Bagi tahun berakhir 31 Mei 2008, Dana anda telah merekodkan perolehan sebanyak RM45.666 juta, iaitu peningkatan sebanyak RM25.79 juta atau 130% berbanding 31 Mei 2007. Dana anda telah merekodkan keuntungan sebelum cukai sebanyak RM41.119 juta pada tempoh berakhir 31 Mei 2008, berbanding keuntungan sebelum cukai sebanyak RM16.754 juta pada tahun kewangan lepas. Peningkatan ini adalah berikutan keuntungan daripada penjualan sekuriti dan pendapatan dividen yang lebih tinggi. Daripada keuntungan selepas cukai sebanyak RM14.600 juta pada tahun kewangan lepas, Dana anda telah merekodkan keuntungan selepas cukai sebanyak RM39.080 juta bagi tahun kewangan semasa.

Tidak perlu disangkal lagi bahawa dalam menilai prestasi Dana anda, elemen utama yang perlu diberi fokus adalah nilai aset bersih (NAB). NAB Dana anda meningkat dari RM1.65 sesaham pada 31 Mei 2007 kepada RM1.95 sesaham pada 31 Mei 2008 atau peningkatan yang impresif sebanyak 18%. Indeks Komposit KL pula menurun 5.1% dalam tempoh tersebut.

Sekali lagi, walaupun peningkatan di dalam NAB Dana anda adalah lebih tinggi daripada Indeks Komposit KL, Dana anda secara konsistennya mempunyai lingkungan RM60.000 juta dalam deposit jangka pendek atau tunai. Ini menandakan bahawa nilai pelaburan Dana anda telah meningkat dalam peratusan yang lebih besar daripada yang ditunjukkan oleh peningkatan NAB.

Dalam laporan tahunan tahun lepas, saya telah menyatakan harapan saya agar diskaun ke atas NAB dana anda hanya merupakan anomali yang sementara. Sejak itu, Dana anda telah didagangkan pada premium ke atas NAB. Ini merupakan keadaan yang lebih boleh diterima akal. Mengapa?

Tempoh pasca laporan tahunan kedua dipenuhi oleh ketidakpastian kewangan global dan kebimbangan ekonomi yang tercetus akibat masalah subprima di AS pada Ogos 2007. Memandangkan hal ini membawa kepada masalah kewangan yang lain, seluruh perhatian tertumpu kepada Bank Pusat AS. Seperti yang diterangkan oleh Paul Volcker, bekas Pengerusi Bank Pusat AS,

*“Saya berpendapat bahawa Bernanke berada dalam keadaan yang sukar... Terlalu banyak buih yang wujud terlalu lama”*

- Roger Lowenstein, The New York Times – 20 Jan 2008.

Samada ianya masalah subprima, atau kerugian bank yang besar mahupun penutupan syarikat, salah satu punca asas ialah ketamakan. Sering kali sifat tamak bermannifestasi dalam bentuk pinjaman yang tidak diperlukan. Dalam keadaan yang bergelora dan membimbangkan ini, kami berpendapat ianya amat sesuai untuk menekankan satu ciri Dana anda yang unik tetapi malangnya tidak disedari atau mungkin telah dilupakan oleh pemilik saham.

Perlembagaan Dana anda sengaja dirangka supaya ianya tidak boleh meminjam melainkan menerima kelulusan sebulat suara daripada pemilik sahamnya. Bersama fakta bahawa Dana anda tidak melabur dalam derivatif atau terlibat dalam jualan singkat, manfaat penekanan konservatif ini sering diketepikan sehingga masalah yang besar muncul. Cara Dana anda dirangka dengan begitu cermat menyenangkan hati kita semua.

Sementara kekurangan pinjaman atau derivatif mungkin mengurangkan pulangan dalam jangka pendek, kejayaan pelaburan bukannya bergantung kepada betapa pantas pelaburan anda meningkat, tetapi sama ada pulangan tersebut boleh diteruskan.

Dana anda adalah pelabur berasaskan nilai dan diharap pemiliknya juga demikian. Seperti yang dijelaskan dalam laporan tahunan lepas, saya sering merujuk anda sebagai pemilik saham dan bukannya pemegang saham. Pegangan merujuk kepada sesuatu yang tidak kekal manakala pemilikan adalah sesuatu yang lebih kekal.

Sebagai kesimpulan, bagi pihak Lembaga Pengarah, saya sekali lagi mengalu-alukan hubungan yang berterusan dan menguntungkan.

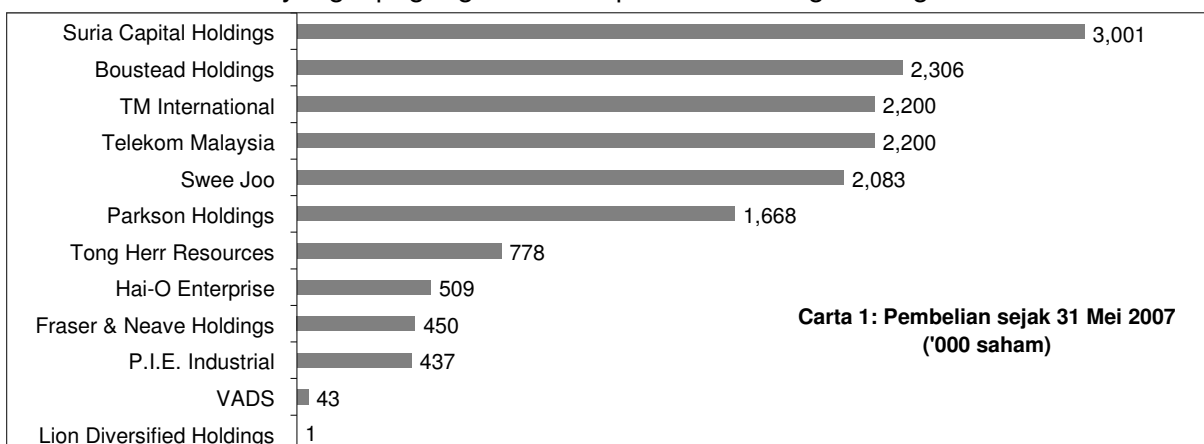
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya  
Pengerusi  
11 Jun 2008

**(b) Apa yang telah kami lakukan dengan dana anda**

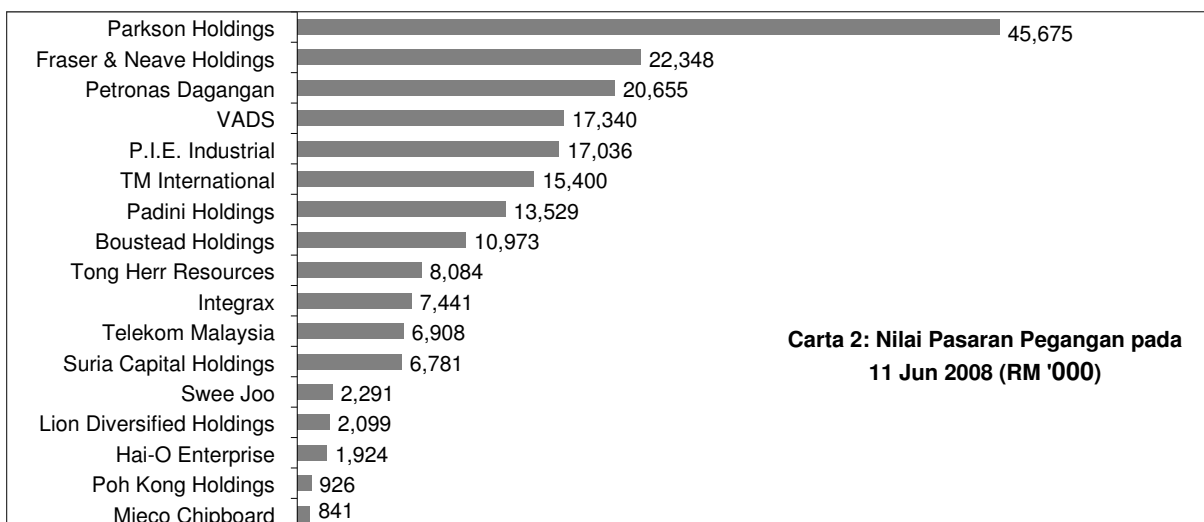
*“Pelaburan adalah paling bijak apabila ianya berupa perniagaan” – Benjamin Graham*

**(i) Portfolio Pelaburan**

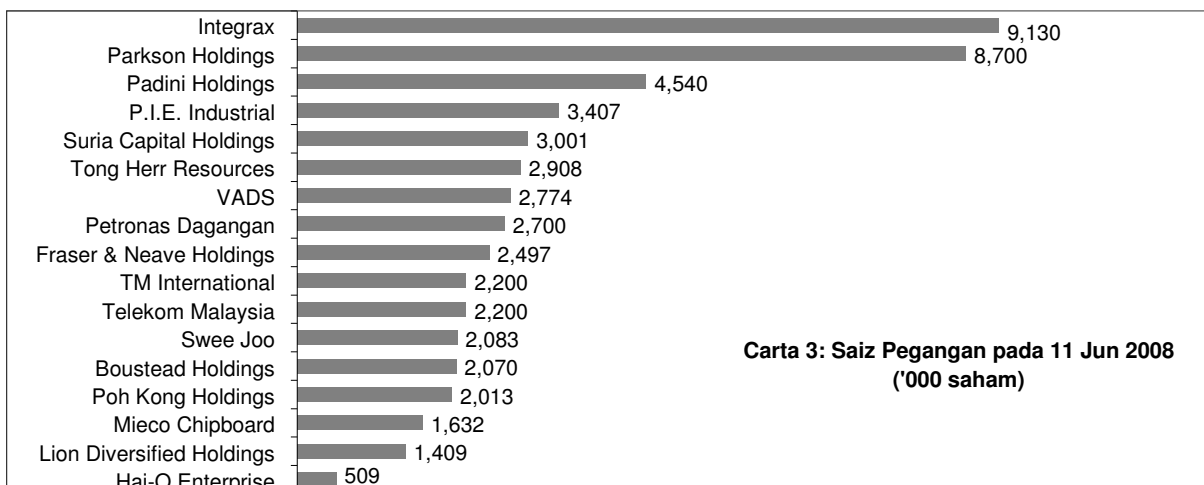
Carta 1, 2 dan 3 menunjukkan pembelian yang dibuat sejak 31 Mei 2007 dan portfolio semasa, dalam bentuk kuantiti yang dipegang serta nilai pasaran masing-masing.



**Carta 1: Pembelian sejak 31 Mei 2007 ('000 saham)**



**Carta 2: Nilai Pasaran Pegangan pada 11 Jun 2008 (RM '000)**



**Carta 3: Saiz Pegangan pada 11 Jun 2008 ('000 saham)**

**(ii) Pelaburan yang telah dijual**

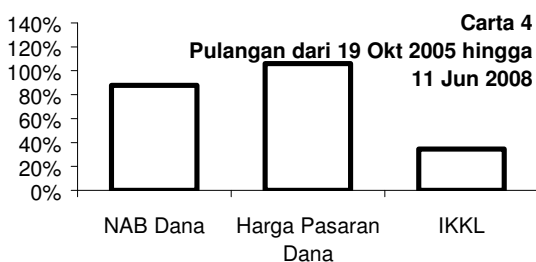
Pada tahun kewangan berakhir 31 Mei 2008, Dana anda telah menjual seluruh pegangannya dalam United Malacca dan UMW Holdings. Tambahan pula, ia menjual sebahagian pegangannya dalam Boustead Holdings, Integrax, Lion Diversified, Petronas Dagangan dan Poh Kong. Penjualan ini menghasilkan keuntungan realis sebanyak RM36.726 juta dengan kos sebanyak RM25.684 juta. Penjualan dibuat kerana Dana anda berpendapat bahawa nisbah ganjaran-risiko daripada terus memegang adalah tidak menggalakkan.



Sehingga 31 Mei 2008, Dana anda telah melabur sejumlah RM132.137 juta dengan nilai pasaran RM213.538 juta, memberikan keuntungan belum realis sebanyak RM81.401 juta. Di antara pelaburan Dana anda pada 31 Mei 2008, Fraser & Neave, Padini, Parkson, Petronas Dagangan, PIE dan VADS mempunyai keuntungan belum realis yang besar.

**(iii) Pelaburan yang telah dibuat**

Dalam tahun kewangan berakhir 31 Mei 2008, Dana anda telah membuat beberapa pembelian. Pelaburan baru adalah Boustead, Hai-O Enterprise, Suria Capital, Swee Joo, Telekom Malaysia dan TM International. Dana anda juga telah meningkatkan pelaburan dalam Fraser & Neave, Parkson, PIE, Tong Herr dan VADS.



**(iv) NAB dan harga pasaran**

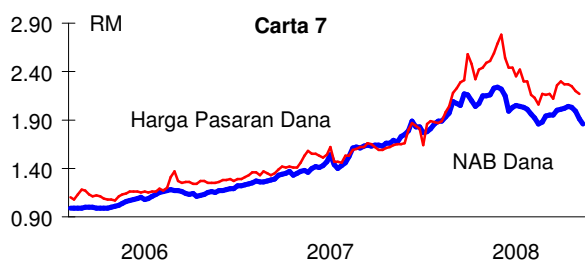
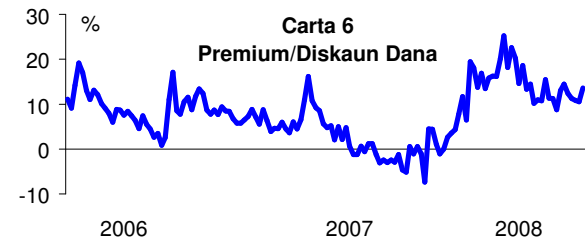
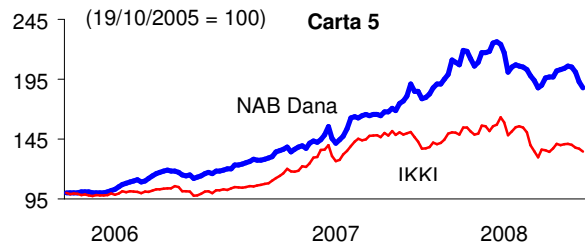
Sejak disenaraikan pada 19 Oktober 2005, NAB sesaham Dana anda telah meningkat daripada RM0.99 kepada RM 1.95 menjelang 31 Mei 2008. Ini mewakili pulangan sebanyak 96.97%. Sejak penyenaiaannya pada 19 Oktober 2005, harga pasaran Dana anda telah meningkat daripada RM1.01 kepada RM2.20 menjelang 31 Mei 2008. Ini mewakili pulangan sebanyak 118%.

Daripada 1 Jun 2007 sehingga 31 Mei 2008, NAB sesaham Dana anda telah meningkat daripada RM1.65 kepada RM1.95 menjelang 31 Mei 2008. Ini mewakili pulangan sebanyak 18%. Sejak 1 Jun 2007, harga pasaran Dana anda telah meningkat daripada RM1.58 kepada RM2.20 menjelang 31 Mei 2008, atau pulangan sebanyak 39%.

Statistik yang menunjukkan perbandingan prestasi Dana anda dengan Indeks Komposit KL (IKKL) ditunjuk dalam carta 5. Carta 6 menunjukkan premium/diskaun Dana anda, manakala carta 7 menunjukkan NAB sesaham dan harga pasaran.

**(v) Pendapat kami**

Sejak ulasan kami pada tahun lepas, ekonomi dunia hanya kehilangan sedikit momentum pertumbuhan disebalik



pergolakan kewangan global dan kelembapan ekonomi AS.

Seperti yang ditekankan dalam laporan tahunan pertama dan kedua, ekonomi dunia sedang mengalami transformasi struktural yang membenarkan negara-negara lain berpisah daripada ekonomi AS. Perkembangan yang positif ini belum diterjemahkan kepada peningkatan pasaran ekuiti, memandangkan peningkatan mendadak harga minyak mentah mula menggigit.

Pada masa yang sama, keputusan pilihanraya Malaysia tahun 2008 yang mengejutkan menambahkan satu lagi dimensi ketidakpastian. Bursa Malaysia sekarang harus bergelut dengan landskap politik yang tidak pernah dialami sebelum ini. Setelah sekian lama, kini terdapat persaingan dalam persekitaran politik Malaysia yang mungkin akan membawa dua kesan yang ekstrem. Satu akan membawa kepada huru-hara, dan satu lagi menandakan permulaan bagi kematangan politik di Malaysia. Walau apa pun yang terjadi, Bursa Malaysia akan terjejas. Dalam situasi sebegini, seseorang akan menghargai gaya pelaburan eklektik pintar pengurus dana anda, memandangkan ia membenarkan kita mencari pelaburan yang menarik dan pada masa yang sama berwaspada terhadap risiko baru.

Tan Teng Boo  
 Pegawai Lantikan Khas  
 Capital Dynamics Asset Management Sdn Bhd  
 11 Jun 2008

**(a) 我们是谁**

资本投资有限公司(您的基金)是一个投资于大马证券交易所的主要交易板、第二交易板以及自动报价所被低估的基金。它也可以将其资产价值的超过 10% 投资于非上市公司。

您的基金拥有 RM1 亿 4 千万的足资本且在任何时候都拥有固定的已发行股。就如其它挂牌上市的公司般,其股价完全由市场的供应以及需求所决定。同样地,您能够通过拥有所执行的股票经纪在股市买卖您的基金股票。

您的基金的目标一直都是要让它增值,而这目标甚至是早在它於 2005 年 10 月 19 日上市前就被设定了。这是通过坚守价值投资理念而达成。身为一位价值投资者,您的基金的投资决定是随股票的价格以及其潜在价值而定。

除非获得股东们的同意,要不然,您的基金不能借贷。

**(b) 我们存在的理由**

资本投资有限公司的存在全赖于一个简单的理由:允许长期股东从价值投资中获益。投资于您的基金允许复回酬的威力为您效劳。若能成功地达到这目标,我们将证明了长期性且认真地投资于大马证券交易所也能提供卓越的回酬。

**(c) 谁管理您的基金**

资本投资有限公司是依据 1965 年的公司法而成立。股东是由董事局所代表。董事们皆属非执行董事,并且扮演监管的角色以确保持您的基金在任何时候都是有理地运作。

您的基金并没有任何职员。其运作的皆委外给与您的基金没有挂钩的基金公司。主要的专业公司是基金托管公司、投资管理公司、投资顾问公司、以及行政服务公司。

基金管理公司根据被批准的投资政策及目标来管理资产,而投资研究以及分析则由投资顾问公司所提供。资产则被托管公司掌管,而会计与行政服务则委外给行政服务公司。

您的基金也雇用了秘书、注册服务的公司、审核公司以及税务公司的服务。内部审计也被委外。内部审核员将直接向审核委员会进行汇报。

信托基金与封闭式基金有天渊之别。欲知这方面的详情,请联络投资顾问,资威私人有限公司或请浏览 [www.icapital.biz](http://www.icapital.biz) 或 [www.icapitaleducation.biz](http://www.icapitaleducation.biz)。

**(d) 如何联络我们**

您可以通过(603) 7718 6188 或(603) 7725 7791 (传真号码) 抑或 [corpserv@pfa.com.my](mailto:corpserv@pfa.com.my) 联络公司秘书。

您可以通过(603) 2070 2106 或(603) 2070 6653 (传真号码) 抑或 [cdam@cdam.biz](mailto:cdam@cdam.biz) 联络基金经理。

您可以通过(603) 2070 2104 或(603) 2070 2103 (传真号码) 抑或 [cdsb@icapital.biz](mailto:cdsb@icapital.biz) 联络投资顾问。

### (a) 给股东们的信

截至 2008 年 5 月 31 日为止，您的基金的营业额从 2007 年 5 月 31 日上升了 RM2 千 579 万或 130% 至 RM4 千 566 万 6 千。与上个财政年度 RM1 千 675 万 4 千的税前盈利相比，您的基金于截至 2008 年 5 月 31 日为止的财政年度里报上了 RM4 千 111 万 9 千的税前盈利。盈利的增加主要是源于出售证券所得以及较高的股息收入。您的基金的税后盈利从上个财政年度的 RM1 千 460 万增加至本财政年度的 RM3 千 908 万。

在评估您的基金的业绩时，其资产净值无疑是关键的参数。您的基金的资产净值从 2007 年 5 月 31 日的每股 RM1.65 上升至 2008 年 5 月 31 日的每股 RM1.95，即 18% 的标青涨幅。同时期的隆综合指数下滑了 5.1%。

虽然您的基金资产净值的涨幅再次高于隆综合指数，但是它一直持有 RM6 千万左右的短期存款或现金。这意味着您的基金的投资价值涨幅比资产净值的涨幅高很多。

在去年的年报中，我表达了您的基金以折价交易将会是暂时现象的希望。此后，您的基金一直以溢价交易，这显得更为合理。为什么呢？

在发布 2007 年年报后的这段期间，美国于 2007 年 8 月份爆发的次级房贷问题使全球金融界变得动荡不定，并引起了投资者产生对经济的担忧。由于这引起了其它的金融问题，所以所有的目光皆关注在联储局身上。这正如前联储局主席 Paul Volcker 简明地形容此情况，

“我想伯南克正处于非常艰难的情况.....太多持续太久的泡沫”

Roger Lowenstein, 《纽约时报》，2008 年 1 月 20 日

无论是次级房贷问题，抑或是银行所蒙受的庞大亏损，又或是企业的倒闭，归根究底就是贪婪。贪念经常呈现于不必要的贷款中。我们认为就在这个动荡不定且可怕的时期里，我们有必要强调您的基金所拥有的一个非常独特的特色。这一特色恐怕已被许多股东忽略或甚至是忘掉。

您的基金特地被设立成不可进行借贷，除非其股东们一致同意它进行借贷。连同您的基金并没有投资于衍生金融工具或是卖空的事实，这般保守的长处经常被忽略，直到严重问题出现为止。您的基金是以谨慎的方式设立的事实的确令人倍感安心。

虽然缺乏借贷以及投资于衍生金融工具或许在短期里使回酬变得较低，但是投资的成功并不在于您投资的增值速度，而是盈利的持续性。

您的基金是价值投资者，希望其拥有者也是。正如我在去年的年报中所解释的，我一直称您为基金的拥有人而不是持有人。持有是暂时性的，而拥有则意味着较长久的状况。

总得来说，我再次代表董事局，期待一份长远且互惠的关系。

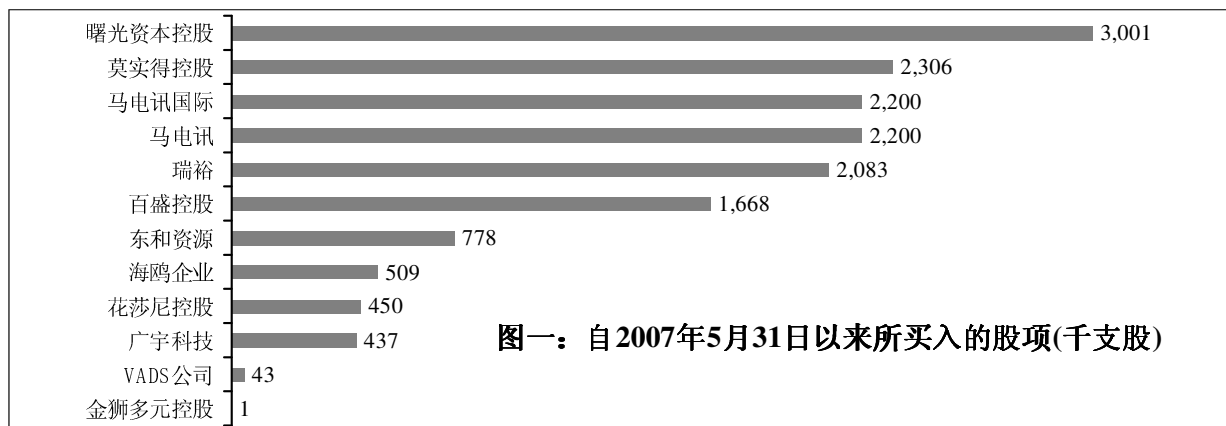
YM Tunku Tan Sri Dato' Seri  
Ahmad Bin Tunku Yahaya  
董事局主席  
2008 年 6 月 11 日

## (b) 我们如何善用您的基金

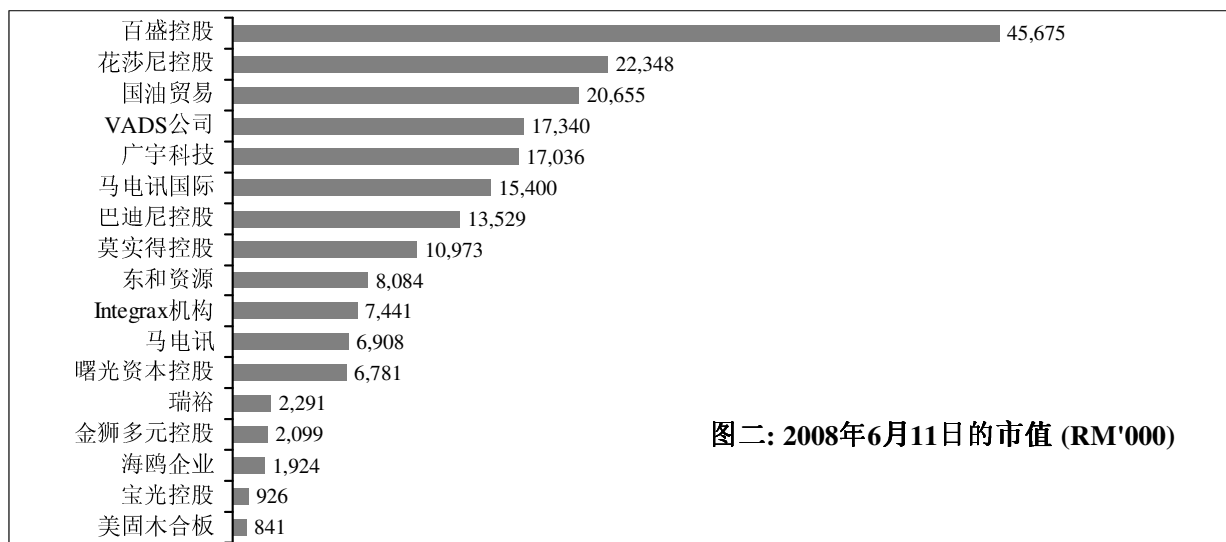
“当您将投资看待成投资于一门生意时，这是最聪明的” - Benjamin Graham

### (i) 投资组合

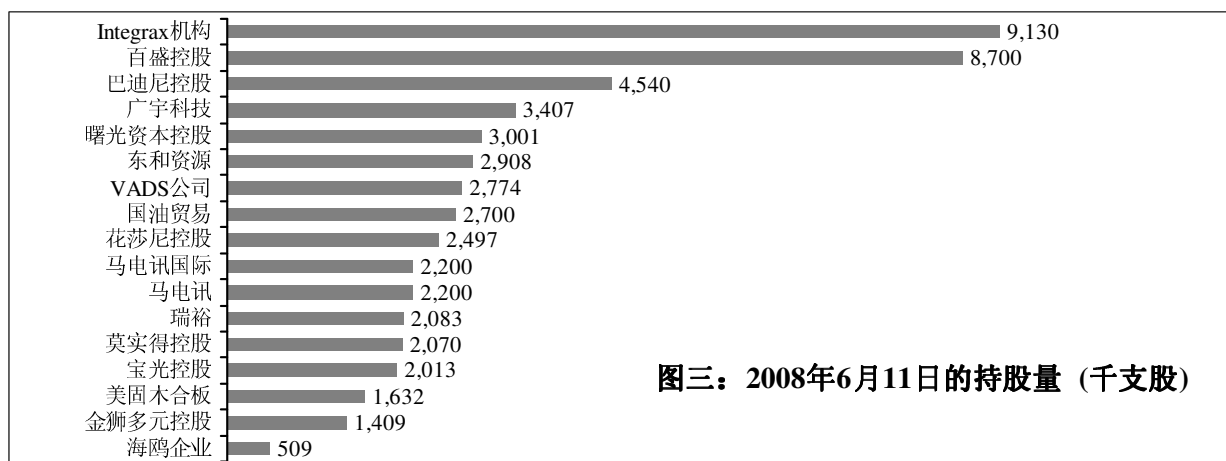
以下的图一、图二与图三显示自 2007 年 5 月 31 日以来所购买的股票和投资组合现有的股项数量以及各自的市值。



图一：自2007年5月31日以来所买入的股项(千支股)



图二：2008年6月11日的市值 (RM'000)



图三：2008年6月11日的持股量 (千支股)

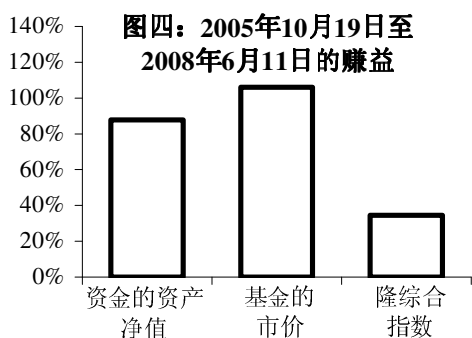
### (ii) 售出的股项投资

截至 2008 年 5 月 31 日为止的财政年度，您的基金售出了其在联合马六甲以及合顺的全数投资。此外，它也售出了其在莫实得控股、Integrax 机构、金狮多元控股、国油贸易以及宝光控股的部分投资。这些售出带来了 RM3 千 672 万 6 千的盈利，而开销则为 RM2 千 568 万 4 千。这些售出是因为持有该些股项的风险与回酬关系并不诱人。

截至 2008 年 5 月 31 日为止，您的基金共投资了 RM1 亿 3 千 213 万 7 千，而投资组合总市值为 RM2 亿 1 千 353 万 8 千，这意味着 RM8 千 140 万 1 千的未套现盈利。您的基金截至 2008 年 5 月 31 日为止投资项目的显著未套现盈利由您的基金资产价值增值的主要贡献者为花莎尼控股、巴迪尼控股、百盛控股、国油贸易、广宇科技以及 VADS 公司所贡献。

### (iii) 所作出的投资

您的基金于截至 2008 年 5 月 31 日为止的财政年度作出了数项新投资。新投资为莫实得控股、海鸥企业、曙光资本控股、瑞裕、马电讯以及马电讯国际。您的基金也在花莎尼控股、百盛控股、广宇科技、东和资源以及 VADS 公司增加投资额。



### (iv) 资产净值与市价

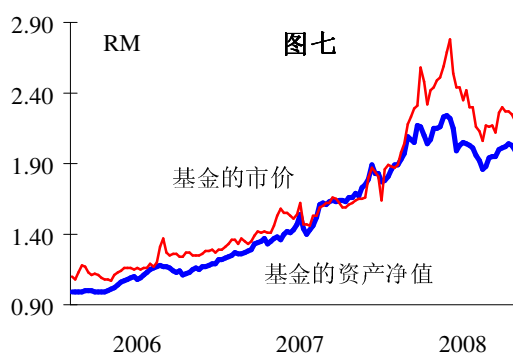
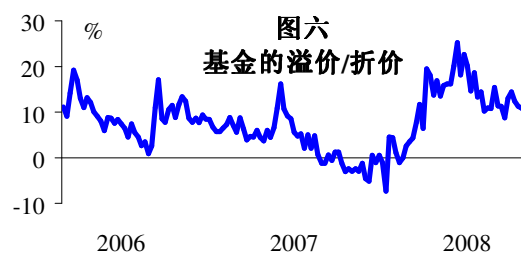
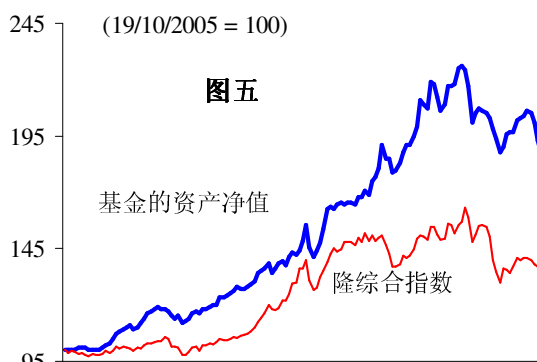
自其于 2005 年 10 月 19 日上市以来至 2008 年 5 月 31 日，基金的每股资产净值已从 RM0.99 上涨至 RM1.95。这代表着 96.67% 的增值。自其于 2005 年 10 月 19 日上市以来至 2008 年 5 月 31 日，您的基金的市价已从 RM1.01 上涨至 RM2.20。这代表着 118% 的上涨。

您的基金的每股资产净值已从 2007 年 6 月 1 日的 RM1.65 上涨至 2008 年 5 月 31 日的 RM1.95。这代表了 18% 的增值。您的基金的市价则从 2007 年 6 月 1 日的 RM1.58 上涨至 2008 年 5 月 31 日的 RM2.20，代表着 39% 的上涨。

图五展示了您的基金相较于隆综合指数的表现。图六显示了您的基金的溢价与折价，而图七则显示每股资产净值以及市价。

### (v) 我们的见解

自我们去年的业绩回顾以来，全球经济仅失去了其些许的成长动力，尽管全球金融界的动荡以及美国经济的放缓。



正如我们于 2006 以及 2007 年的年报中所强调的，全球经济正经历着结构性的转变，使世界其它经济体与美国经济脱钩。由于原油价格的飙升，这项正面的发展尚未能推动股市的上涨。

在这同时，大马 2008 年让人意外的大选结果雪上加霜。大马证券交易所目前必须面对前所未有的政治格局！在过了那么久以后，大马的政坛终于出现竞争。这可能造成两个极端的结果。其一，造成各式的大混乱；其二，写下了大马政坛变成成熟的一页。无论是哪个结果，大马证券交易所都将受到影响。在这种情况下，您将赏识您基金经理“知性折衷”的投资风格，因为这投资风格允许我们留意诱人的投资，并且也留意新的风险。

陈鼎武  
指定基金经理  
资威资产管理私人有限公司  
2008 年 6 月 11 日

## Profile of Directors

### **YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya**

*Chairman/Non-Independent Non-Executive Director, Member of the Audit Committee and Nomination Committee, 79 years of age – Malaysian*

Tunku Ahmad Yahaya was appointed to your Board of Directors on 29 June 2005. He obtained his BA (Econ) from the University of Bristol and is a fellow of the Association of Chartered Certified Accountants, United Kingdom. He was the Group Chief Executive Officer of the Sime Darby Berhad Group from 1982 to 1993.

Tunku Ahmad Yahaya started his career with Dunlop Estates Berhad in 1959 before moving on to join DMIB Berhad in 1962 and becoming Managing Director. On 4 January 1979 he joined Sime Darby Berhad and

resigned as Deputy Chairman on 27 November 2007. He was a Director of Bank Negara Malaysia from 1966 to 1995 and the Chairman of the Audit Committee from 1989 to 1995.

Tunku Ahmad Yahaya is the Chairman of KLCC Property Holdings Berhad and several other limited companies in Malaysia. He is also a Director and shareholder of Capital Dynamics Asset Management Sdn. Bhd.

### **Dato' Raja Nong Chik Bin Raja Zainal Abidin**

*Independent Non-Executive Director, Chairman of the Audit Committee and Member of Nomination Committee, 55 years of age – Malaysian*

Dato' Raja Nong Chik Bin Raja Zainal Abidin was appointed to your Board of Directors on 29 June 2005. He obtained his Bachelor Economics (Honours) from the University of Wales and is a member of the Chartered Institute of Management Accountants, Malaysian Institute of Accountants and Institute of Chartered Secretaries and Administrators.

He started his career at Federal Land Consolidation and Rehabilitation Authority (FELCRA) in 1978 before becoming the Manager, Corporate Planning and Finance of Kumpulan FIMA Bhd. He subsequently joined OYL Industries Berhad (OYL) in 1982 and was

the executive director of OYL from 1982 to 1990. After nine (9) years, he left to start Rasma Corporation Sdn. Bhd., a Class A mechanical and electrical contractor, where he is the managing director and major shareholder.

Presently, Dato' Raja Nong Chik Bin Raja Zainal Abidin also sits on the board of Pharmaniaga Berhad. He is also President of the Bumiputra Manufacturers and Service Industry Association and a member of Malaysia Innovation Council chaired by the Prime Minister. He is a Council Member of Ministry of Youth and Sports since 1 May 2008.

### **Michael Vitus Wong Kuan Lee**

*Non-Independent Non-Executive Director, 70 years of age – Malaysian*

Michael Vitus Wong Kuan Lee was appointed to your Board of Directors on 11 December 2004. He holds a Law Degree from the University of Singapore. He joined Messrs Shook Lin & Bok in 1964 and resigned in 1991 as its Chief Executive Partner but remains as a consultant. He previously served as a Senator in the Malaysian Parliament and director of Bank Negara Malaysia.

He was a director of Sime Darby Berhad from 1991 to 2005 and Tractors Malaysia Holdings Berhad from 2004 to 2005. He currently sits on the board of Keck Seng (M) Berhad and Malaysia Deposit Insurance Corporation. He is also a director and shareholder of Capital Dynamics Asset Management Sdn. Bhd.

### **Yeoh Ah Tu**

*Independent Non-Executive Director, Member of the Audit Committee and Chairman of the Nomination Committee, 57 years of age – Malaysian*

Yeoh Ah Tu was appointed to your Board of Directors on 29 June 2005. He holds a degree in Accountancy from the University of Singapore and is a fellow member of the Certified Practising Accountants of Australia. He started his career in 1975 as a tutor in financial accounting and cost accounting in a private institution in Singapore. In

1977, he founded the Systematic group of colleges. Under his guidance, the company was listed on the Second Board of Bursa Malaysia Securities Berhad. He remained a director of the company until 2000. Currently, he also sits on the board of several other private limited companies in Malaysia.

### **David Loo Kean Beng**

*Independent Non-Executive Director, Member of the Audit Committee and Nomination Committee, 45 years of age – Malaysian*

David Loo Kean Beng was appointed to your Board of Directors on 15 May 2008. He started his career with Sime Darby Berhad in 1987 and was Senior Adviser prior to leaving in 1997. David Loo Kean Beng subsequently joined Zain & Co. and was

made a Partner in 2000. After his retirement from Zain & Co, he established Messrs Mak Loo & Co in June 2006. Currently he also sits on the board of Boustead REIT Managers Sdn. Bhd., the manager of Al-Hadharah Boustead REIT.

*Note:-*

- Save as disclosed none of the Directors have any family relationship with any Director of your Fund nor conflict of interest involving your Fund. Your Fund does not have any substantial shareholders.
- None of the Directors have been convicted for any offences within the past 10 years other than traffic offences (if any).

## Statement of Corporate Governance

### The Code

Your Board of Directors (your Board) supports the Principles of Corporate Governance as laid out in the Malaysian Code on Corporate Governance (the Code) and recognises that the adoption of the high standards of corporate governance is imperative for the performance of icapital.biz Berhad ("your Fund") and enhancement of share owners' values.

Your Board is pleased to disclose your Fund's application of the Principles and the extent to which your Fund has complied with the Best Practices of the Code during the year ended 31 May 2008. Your Board is of the opinion that it has, in all material respects, complied with the Principles and Best Practices of the Code.

### 1. Board of Directors

#### 1.1 Composition

Your Board comprises five (5) non-executive Directors; three (3) of whom are independent. This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), which requires two (2) or at least one-third of your Board, whichever is higher, to be independent directors.

#### 1.2 Duties and Responsibilities

The primary responsibilities of your Board include, amongst others, determining your Fund's investment policies and ensuring that the financial and operational objectives of your Fund are met.

### 2. Board Balance

Name	Number of meetings attended
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	4 out of 4
Dato' Raja Nong Chik Bin Raja Zainal Abidin	4 out of 4
Michael Vitus Wong Kuan Lee	4 out of 4
Yeoh Ah Tu	4 out of 4
David Loo Kean Beng (appointed on 15 May 2008)	-

### 4. Supply of Information

The Directors of your Fund have unrestricted access to all information of your Fund's business and affairs, whether on an individual basis or as a full board, so as to enable them to discharge their responsibilities. In addition, Board papers containing the full details of the agenda are given to all Directors in advance of meetings, in order to allow for sufficient time for review and obtain explanations.

Your Directors also have access to Company Secretary and independent professional advice in furtherance of their duties.

### 5. Appointments and Re-Election of the Directors

In accordance with your Fund's Articles of Association, at least one-third of the Directors, or if their number is not three (3), then the number nearest to one-third, shall retire from office at every Annual General Meeting provided always that all Directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors who are appointed by your Board to fill a casual vacancy during the year shall hold office only until the next Annual General Meeting following their appointment and shall be eligible for re-election.

Your Fund is led by an experienced Board. Members of your Board, who are professionals from varied backgrounds, bring depth and diversity in experience, expertise and perspectives to your Fund. Their profiles are presented on page 12 of this Annual Report.

Your Board is ensured of a balanced view at all board deliberations, as all directors are non-executive and therefore not involved in the day-to-day operations of your Fund. The management of your Fund's investments, the adviser for your Fund's investments and custodian of its assets have been outsourced to Capital Dynamics Asset Management Sdn. Bhd. (the Fund Manager), Capital Dynamics Sdn. Bhd. (the Investment Adviser) and Deutsche Bank (Malaysia) Berhad (the Custodian) respectively. Your Board has expressed its satisfaction and confidence in the services provided by various parties involved in the operations of your Fund.

Your Board has not appointed a senior independent non-executive director to whom concerns can be conveyed as all Members of your Board participate actively during Board meetings.

### 3. Board Meetings

During the year ended 31 May 2008, a total of four (4) Board meetings were held and the attendance of each Director is as shown below:-

Section 129 of the Companies Act 1965 provides that Directors who are over the age of seventy (70) shall retire at every Annual General Meeting but may offer themselves for re-appointment.

### 6. Directors' Training

During the financial year under review, your Board have attended and participated in various forums included areas of finance, legal and regulatory updates and economic as part of their obligation to constantly stay abreast with the latest issues and development as relevant and useful in contributing to the effective discharge of their duties as Directors. Directors' education includes briefings by the External and Internal Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Audit Committee meetings and Board meetings.

### 7. Board Committees

In order to ensure the effective discharge of its fiduciary duties, your Board has delegated certain responsibilities to Board Committees, namely, the Audit Committee and the Nomination Committee. These Committees have their written terms of reference approved by your Board. Your Board, however, retains full responsibility for the direction and control of your Fund.

## 7.1 Audit Committee

The functions, composition, terms of reference and the summary of activities of the Audit Committee are laid down on pages 15 to 17 of this Annual Report.

Chairman: Yeoh Ah Tu - *(Independent Non-Executive Director)*

### Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya - *(Non-Independent Non-Executive Director)*

Dato' Raja Nong Chik Bin Raja Zainal Abidin - *(Independent Non-Executive Director)*

David Loo Kean Beng - *(Independent Non-Executive Director) (appointed 15 May 2008)*

The Nomination Committee is empowered by your Board to, amongst others, recommend to your Board, suitable candidates for appointment as directors. In addition, the Nomination Committee assesses the effectiveness of your Board and the Committees of your Board annually to ensure that your Board has an appropriate balance of skills, expertise and core competencies.

An analysis of the aggregate Directors' remuneration for the year ended 31 May 2008 is as below:-

Directors	Fees (RM)
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	20,000
Dato' Raja Nong Chik Bin Raja Zainal Abidin	20,000
Michael Vitus Wong Kuan Lee	20,000
Yeoh Ah Tu	20,000
Total	80,000

## 9. Communication with Share Owners and Investors

Your Fund recognises the importance of maintaining transparency and accountability to its share owners and investors. An important channel used to reach share owners and investors is the Annual Report. Timely release of financial results on a quarterly basis also enables share owners to have an overview of the performance of your Fund.

Your Fund's Annual General Meeting is also an important forum for communication and dialogue with its share owners. Your Board encourages share owners to attend and participate in the Annual General Meeting. Your Board and relevant advisers are on hand to answer questions raised and give clarifications required. Contacts for the fund manager and investment adviser can be found on the inside back cover.

Weekly updates on the fund's NAV per share can be found in [www.bursamalaysia.com](http://www.bursamalaysia.com) and [www.icapital.biz](http://www.icapital.biz).

## 10. Accountability and Audit

### 10.1 Financial Reporting

Your Board aims to provide and present a clear, balanced and comprehensive assessment of your Fund's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly results as well as your Letter to Share Owners in the Annual Report.

Your Board is assisted by the Audit Committee to oversee the financial reporting process and the quality of its financial reporting.

### 10.2 Statement of Directors' Responsibility

Directors are required pursuant to Section 169(15) of the Companies Act 1965 to state whether the Fund's Financial Statements for the financial year are drawn up in accordance with approved accounting standards so as to give a true and fair view of the Fund's state of affairs and of the results of your Fund's business operations for the financial year.

## 7.2 Nomination Committee

The Nomination Committee was established on 19 June 2006 and comprises the following members: -

## 8. Directors' Remuneration

Your Board is of the opinion that the need for the establishment of a Remuneration Committee does not arise as there are no Executive Directors on your Board. The determination of fees of the Non-Executive Directors is a matter for your Board as a whole and the fees payable are presented to the share owners of your Fund at every Annual General Meeting for approval.

In preparing the Financial Statements, your Directors have:-

- applied the appropriate and relevant accounting policies on a consistent basis;
- ensured that applicable accounting standards have been followed;
- made judgements and estimates that are prudent and reasonable;
- ensured that proper accounting records are kept so as to enable the presentation of the Financial Statements with reasonable accuracy; and
- prepared the Financial Statements on an ongoing basis.

The Statement by Directors pursuant to Section 169(15) of the Companies Act 1965 is set out on page 19 of this Annual Report.

### 10.3 Internal Control

Your Board acknowledges that it is responsible for maintaining a sound system of internal controls. Your Fund's Statement on Internal Control, which provides an overview of the state of internal control is set out on page 15 of this Annual Report.

### 10.4 Internal Auditors

Your Fund has appointed Advent Corporate Advisory Sdn Bhd, a professional services firm, to carry out your Fund's Internal Audit function. As the Internal Auditors report directly to the Audit Committee, they are independent of your Fund's activities and perform with professionalism and impartiality.

### 10.5 Relationship with External Auditors

The Audit Committee and your Board communicate regularly with the External Auditors and they are invited to attend Audit Committee meetings, whenever appropriate. During the said meetings, the External Auditors will be invited to present their audit findings, if any, for the discussion of the members of the Audit Committee.

The role of the Audit Committee in relation to the External Auditors is set out on page 16 of this Annual Report.



## Statement of Internal Control

### Board responsibilities

Your Board recognises the importance of maintaining sound internal control and effective risk management practices in your Fund. Your Board acknowledges its overall responsibility and reviews the adequacy and integrity of the system on internal control.

Nonetheless, it recognises that such a system can only provide reasonable but not absolute assurance because of limitations inherent in any system of internal control against material misstatements or fraud and is designed to manage rather than eliminate the risk of failure to achieve business objectives.

As a closed-end fund, your Fund employs an external management structure, whereby all of your Fund's functions are undertaken by external service providers. Your Board's main internal control responsibilities are to oversee and review the function of these parties, in particular, the Fund Manager, the Investment Adviser, the Custodian Bank and the Administrator.

In achieving these objectives, your Board has outsourced its internal audit function to an independent professional services firm that provides independent and objective reports directly to the Audit Committee, which assists the Audit Committee in discharging its duties and responsibilities.

### Internal Control Elements

Your Fund's overall internal control system includes:-

#### (i) Control Environment

The Fund Manager is responsible for managing the investments of your Fund, while the Investment Adviser provides continuous advice and recommendations to your Fund as to the purchase, holding and disposal of investments. The Administrator is responsible for keeping the books and records relating to your Fund's portfolio. The custodian function is performed by an independent custodian bank, which maintains custody of your Fund's investments and cash. The Internal Auditors

adopts a risk-based approach in evaluating the effectiveness of your Fund's system of internal control.

Reconciliation of cash and stock holdings is performed on a weekly and monthly basis by the Administrator and verified by the Fund Manager. Quarterly and annual financial statements are prepared by the Administrator, reviewed by the Audit Committee and approved by your Board prior to submission to Bursa Securities and released to share owners.

#### (ii) Information and communication

Your Board has the authority to assess the state of internal control as it deems necessary. In doing so, your Board has the right to request information and clarification from the service providers as well as seek inputs from the Audit Committee, external and internal auditors, and other experts at the Fund's expense.

#### (iii) Audit committee

Your Board has established the Audit Committee, comprising three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Details of composition, terms of reference and report of the Audit Committee are disclosed below.

#### (iv) Risk Management

Your Board recognises that to ensure the review process for identifying, evaluating and managing the significant risks affecting your Fund, the internal control procedures with clear lines of accountability and delegated authority have to be established. Your Board, throughout the current financial year, has identified and evaluated the significant risks faced by your Fund through the monitoring of your Fund's operational efficiency. As a closed-end fund, a significant portion of your Fund's risk are managed by your Fund Manager, Investment Adviser and the Custodian Bank.

### Conclusion

No significant control failure or weaknesses that would result in material losses or require disclosure in your Fund's Annual Report were identified during the financial year ended 31 May 2008.

## Audit Committee Report

The Audit Committee was established by your Board on 30 June 2005. On 15 May 2008, David Loo Kean Beng, an Independent Non-Executive Director, was appointed as a member in Audit Committee.

### Members and Meetings

The members of the Audit Committee and details of attendance of each member at committee meetings during the financial year ended 31 May 2008 are set out below:

#### Audit Committee

Dato' Raja Nong Chik Bin Raja Zainal Abidin - Chairman \*  
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya - Member  
Yeoh Ah Tu – Member  
David Loo Kean Beng – Member (appointed on 15 May 2008)

Status of Directorship	Attendance
Independent Non-Executive Director	4 out of 4
Chairman / Non-Independent Non-Executive Director	4 out of 4
Independent Non-Executive Director	4 out of 4
Independent Non-Executive Director	-

\* Member of the Malaysian Institute of Accountants

## Terms of Reference

### 1. Composition Of Audit Committee

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of at least three (3) members, all of them must be non-executive directors with a majority of them being independent directors.

At least one (1) member of the Audit Committee:

- (a). must be a member of the Malaysian Institute of Accountants; or
- (b). if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
  - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c). fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate Director(s) shall be appointed as member(s) of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from amongst its members, who shall be an Independent Director.

### 2. Meetings

The quorum for meeting of the Audit Committee shall be two (2) members of which the majority of members present must be Independent Directors.

The Audit Committee shall meet not less than four (4) times a year and as many times as the Audit Committee deems necessary with due notice of issues to be discussed.

The Company Secretary shall be the Secretary of the Audit Committee.

The presence of external auditors and internal auditors at any meeting of the Audit Committee can be requested if required by the Audit Committee.

Other members of your Board and officers of your Fund may attend the meeting (specific to the relevant meeting) upon the invitation of the Audit Committee.

### 3. Authority

The Audit Committee shall in accordance with the procedure determined by the Board and at the cost of your Fund:

- (a). have authority to investigate any matter within the terms of reference;
- (b). have the resources which the Audit Committee requires to perform its duties;
- (c). have full and unrestricted access to any information, which the Audit Committee requires in the course of performing its duties;
- (d). have direct communication channels with the external auditors and persons carrying out the internal audit function;
- (e). be able to obtain independent professional or other advice in the performance of its duties at the cost of your Fund; and
- (f). be able to convene meetings with the external auditors, internal auditors or both without the attendance of other Directors and service providers of your Fund, whenever deemed

necessary. Other Directors may attend only at the Audit Committee's invitation.

### 4. Duties And Responsibilities

The duties and responsibilities of the Audit Committee are to review the following and report the same to the Board of Directors:

#### (a). Matters relating to External Audit

- To review the nomination of external auditors and the external audit fee;
- To discuss with the external auditors, the nature, scope and quality of external audit plans/arrangements;
- To review the evaluation of the systems of internal control with the external auditors;
- To review quarterly results and year end financial statements of your Fund, prior to approval by your Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues and unusual events arising from the audit and major judgement issues;
- To review the external auditors' audit report on the financial statements;
- To review any management letter sent by the external auditors to your Fund and the management's response to such letters;
- To review any letter of resignation from the external auditors;
- To consider and review whether there is reason (supported by grounds) to believe that your Fund's external auditors are not suitable for re-appointment;
- To review the assistance given by your Fund's officers and service providers to external auditors; and
- To discuss problems and reservations arising from the interim and final audits and any matters that the external auditors may wish to discuss.

#### (b). Matters relating to Internal Audit function

- To review the effectiveness and competency of the internal audit function;
- To review the internal audit programme and results of the internal audit process or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
- To review the follow up actions by the management on the weaknesses of internal accounting procedures and controls;
- To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- To review the assistance and co-operation given by your Fund's officers and service providers to the internal auditors;
- To review any appraisal or assessment of the performance of staff of the internal audit function, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgement issues; and
- To review any letter of resignation from internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

#### (c). Roles and Rights of the Audit Committee

- To consider and review any significant transactions, which are not within the normal course of business and any related party transactions that may arise within your Fund;

- To report to Bursa Securities on any matter reported by the Board of your Fund which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities; and
  - To carry out any other function that may be mutually agreed upon by the Audit Committee and your Board which would be beneficial to your Fund and ensure the effective discharge of the Audit Committee's duties and responsibilities.
- (d). Retirement and Resignation of Member of Audit Committee
- A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to your Fund so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, your Fund shall fill the vacancy not later than three (3) months.

### Summary of Activities of the Audit Committee

The activities of the Committee for the financial year ended 31 May 2008 included:

- reviewing the quarterly results and audited financial statements before submission to your Board for approval, focusing on the key changes (if any) to the accounting policies, compliance to regulatory requirements and the new introduction of the financial reporting standards ("FRS");

### Internal Audit Function

Your Fund has outsourced its Internal Audit function to an independent professional services firm to assist the Audit Committee in discharging its duties and responsibilities more effectively. The priority of the Internal Auditors is to focus on the review of internal controls implemented by the service providers of your Fund to ensure that the assets of your Fund are adequately safeguarded and to report any audit findings directly to the Audit Committee. The costs incurred for the Internal Audit function in respect of the financial year was RM9,600.

### Directors' Report

The directors hereby submit their report and the audited financial statements of your Fund for the financial year ended 31 May 2008.

### Principal Activity

Your Fund is a closed-end fund and is principally engaged in investing in a diversified portfolio of quoted securities. There has been no significant change in the nature of this activity during the financial year.

Your Fund is managed by a fund manager, Capital Dynamics Asset Management Sdn. Bhd. ("the Fund Manager"), a company incorporated in Malaysia. The principal activity of the Fund Manager is the provision of fund management services.

### Results

Profit after taxation for the financial year

RM
39,080,375

### Dividends

No dividend was paid since the end of the previous financial year and the Directors do not recommend the payment of any dividend for the current financial year.

writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that no allowance for doubtful debts is required.

### Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

At the date of this report, the Directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for doubtful debts in the financial statements of your Fund.

### Issues of Shares and Debentures

During the financial year,

- there were no changes in the authorised and issued and paid-up share capital of your Fund; and
- there were no issues of debentures by your Fund.

### Current Assets

Before the financial statements of your Fund were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of your Fund, have been written down to an amount which they might be expected so to realise.

### Options Granted Over Unissued Shares

During the financial year, no options were granted by your Fund to any person to take up any unissued shares in your Fund.

### Bad and Doubtful Debts

Before the financial statements of your Fund were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### Valuation Methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of your Fund misleading or inappropriate.

### Contingent and Other Liabilities

At the date of this report, there does not exist:-

- (a) any charge on the assets of your Fund that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of your Fund, which has arisen since the end of the financial year.

No contingent or other liability of your Fund has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of your Fund to meet its obligations when they fall due.

### Directors

The Directors who served since the date of the last report are as follows:-

1. YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya
2. Dato' Raja Nong Chik bin Raja Zainal Abidin
3. Michael Vitus Wong Kuan Lee
4. Yeoh Ah Tu
5. David Loo Kean Beng (appointed on 15.5.2008)

### Directors' Interest

According to the register of directors' shareholdings, the interests of Directors holding office at the end of the financial year in shares in your Fund during the financial year are as follows:-

Your Fund

#### Direct Interest

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya

#### Indirect Interests

Dato' Raja Nong Chik bin Raja Zainal Abidin

YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya

Michael Vitus Wong Kuan Lee

### Change of Circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of your Fund which would render any amount stated in the financial statements misleading.

### Items of an Unusual Nature

The results of the operations of your Fund during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of your Fund for the financial year.

	Number of Ordinary Shares of RM1 each			At 31.5.2008
	At 1.6.2007	Bought	Sold	
YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	3,000,000	-	-	3,000,000
Dato' Raja Nong Chik bin Raja Zainal Abidin	514,100	-	-	514,100
YM Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya	-	539,000	-	539,000
Michael Vitus Wong Kuan Lee	338,500	539,000	238,500	639,000

The other Directors holding office at the end of the financial year had no interest in shares in your Fund during the financial year.

### Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by your Fund or a related corporation with the director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may

be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 18 to the financial statements.

Neither during nor at the end of the financial year, was your Fund a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of your Fund or any other body corporate.

### Auditors

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

Signed in Accordance with a Resolution of the Directors dated 30 June 2008.

Dato' Raja Nong Chik Bin Raja Zainal Abidin

Yeoh Ah Tu

### **Statement by Directors**

We, Dato' Raja Nong Chik Bin Raja Zainal Abidin and Yeoh Ah Tu, being two of the directors of icapital.biz Berhad, state that, in the opinion of the directors, the financial statements set out on pages 20 to 27 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company at 31 May 2008 and of its results and cash flows for the financial year ended on that date.

Signed in Accordance with a Resolution of the Directors dated 30 June 2008.

Dato' Raja Nong Chik Bin Raja Zainal Abidin

Yeoh Ah Tu

### **Statutory Declaration**

I, Tan Teng Boo, I/C No. 540211-02-5441, being the director of Capital Dynamics Asset Management Sdn. Bhd. primarily responsible for the financial management of icapital.biz Berhad, do solemnly and sincerely declare that the financial statements set out on pages 20 to 27 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
Tan Teng Boo, I/C No. 540211-02-5441,  
at Kuala Lumpur in the Federal Territory  
on this 30 June 2008

Before me

Tan Teng Boo

P.Saroja (PPN)  
(W402)  
Commissioner For Oaths

### **Financial Statements**

Report of the Auditors to the Members of icapital.biz Berhad

We have audited the financial statements set out on pages 20 to 27. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-
  - (i) the state of affairs of the Company at 31 May 2008 and its results and cash flows for the financial year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Horwath  
Firm No: AF 1018  
Chartered Accountants  
Kuala Lumpur  
30 June 2008

James Chan Kuan Chee  
Approval No: 2271/10/09 (J)  
Partner

## Balance Sheet at 31 May 2008 (RM)

	Notes	2008	2007
<b>Non-current asset</b>			
Investments	6	132,137,628	96,001,558
<b>Current assets</b>			
Other receivables	7	1,723,122	1,792,936
Current tax assets		-	156,851
Short-term deposits	8	58,590,000	55,100,000
Cash and bank balances		2,641,653	318,861
		62,954,775	57,368,648
<b>Current liabilities</b>			
Other payables	9	2,720,543	125,877
Current tax payable		47,156	-
		2,767,699	125,877
<b>Net current assets</b>		60,187,076	57,242,771
		192,324,704	153,244,329
<b>Financed by:-</b>			
Share capital	10	140,000,000	140,000,000
Retained profits	11	52,324,704	13,244,329
<b>Shareholders' equity</b>		192,324,704	153,244,329
Net assets per ordinary share (RM)	12	1.37	1.09
Net assets value per ordinary share (RM)	13	1.95	1.65

## Statement of Changes in Equity for the Financial Year Ended 31 May 2008 (RM)

	Share Capital	(Accumulated losses)/ Retained profits	Total
Balance at 1 June 2006	140,000,000	(1,355,802)	138,644,198
Profit after taxation for the financial year	-	14,600,131	14,600,131
Balance at 31 May 2007/1 June 2007	140,000,000	13,244,329	153,244,329
Profit after taxation for the financial year	-	39,080,375	39,080,375
Balance at 31 May 2008	140,000,000	52,324,704	192,324,704

## Income Statement for the Financial Year Ended 31 May 2008 (RM)

	Notes	2008	2007
Interest income		1,815,602	2,022,396
Dividend income		7,124,667	6,070,816
Gain on disposal of quoted investments		36,725,726	11,782,706
<b>Revenue</b>		<b>45,665,995</b>	<b>19,875,918</b>
Less: Operating expenses			
Accounting and administration fees		91,000	98,500
Annual general meeting expenses		15,919	9,219
Audit fee		10,000	10,000
Custodian expenses		96,058	65,449
Directors' fee		80,000	80,000
Fund management fee		2,055,442	1,363,494
Investment advisory fee		2,055,442	1,363,494
Professional fee		113,791	106,890
Service tax		9,235	7,186
Others		20,231	17,886
<b>Profit before taxation</b>		<b>41,118,877</b>	<b>16,753,800</b>
Income tax expense	14	(2,038,502)	(2,153,669)
<b>Profit after taxation attributable to equity holders of your Fund</b>		<b>39,080,375</b>	<b>14,600,131</b>
Basic earnings per ordinary share (RM)	15	0.28	0.10

## Cash Flow Statement for the Financial Year Ended 31 May 2008 (RM)

	Notes	2008	2007
Profit before taxation		41,118,877	16,753,800
Adjustments for: Gain on disposal of quoted investments		(36,725,726)	(11,782,706)
Operating profit before working capital changes		4,393,151	4,971,094
Changes in working capital:			
Decrease/(Increase) in other receivables		69,814	(890,586)
Increase/(Decrease) in other payables		2,594,666	(499,635)
Proceeds from disposal of quoted investments		62,410,219	36,041,708
Purchase of quoted investments		(61,820,563)	(42,131,775)
Cash generated from/(used in) operations		7,647,287	(2,509,194)
Income tax paid		(290,645)	(1,299,389)
Income tax deducted at source		(1,543,850)	(1,356,415)
<b>Net cash from/(for) operating activities</b>		<b>5,812,792</b>	<b>(5,164,998)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,812,792</b>	<b>(5,164,998)</b>
Cash and cash equivalents at beginning of the financial year		55,418,861	60,583,859
<b>Cash and cash equivalents at end of the financial year</b>	16	<b>61,231,653</b>	<b>55,418,861</b>

## Notes to the Financial Statements for the Year Ended 31 May 2008

### 1. General Information

Your Fund is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 June 2008.

### 2. Principal Activity

Your Fund is a closed-end fund and is principally engaged in investing in a diversified portfolio of quoted securities. There has been no significant change in the nature of this activity during the financial year.

Your Fund is managed by a fund manager, Capital Dynamics Asset Management Sdn. Bhd. ("the Fund Manager"), a company incorporated in Malaysia. The principal activity of your fund manager is the provision of fund management services.

### 3. Financial Risk Management Policies

Your Fund's financial risk management policy seeks to ensure that adequate financial resources are available for the development of your Fund's business whilst managing its single issuer, market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

#### (a) Single Issuer Risk

The investment of your Fund in any quoted securities shall not exceed 10% of its net assets value or 10% of the issued capital of the issuer, whichever is lower. Under such restriction, the exposure risk to the securities of any issuer is minimised.

#### (b) Market Risk

##### (i) Foreign Currency Risk

Your Fund does not have material foreign currency transactions, assets or liabilities and hence is not exposed to any significant or material currency risks.

##### (ii) Interest Rate Risk

Your Fund does not have any interest-bearing borrowings. Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

##### (iii) Price Risk

Your Fund has investments in quoted equity shares under fund management, which are subject to price risk as the market values of these securities are affected by changes in market prices. Your fund manager manages its exposure to price risk by maintaining a portfolio of equities with different risk profiles.

#### (c) Credit Risk

Your Fund's exposure to credit risks, or the risk of counterparties defaulting, arises from the ability to make timely payments of interest, principals and proceeds from realisation of investments. It is your Fund's policy to monitor the financial standing of those counterparties on an ongoing basis to ensure that your Fund is exposed to minimal credit risk.

#### (d) Liquidity and Cash Flow Risk

Your Fund's exposure to liquidity and cash flow risks arises mainly from business activities. It practises prudent liquidity risk management by maintaining sufficient cash balances.

### 4. Basis of Preparation

The financial statements of your Fund are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the current financial year, your Fund has adopted the following new and revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB"):

(a) FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures



(b) FRSs issued and effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 <sub>2004</sub>	Amendment to FRS 119 <sub>2004</sub> Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of FRS 124 only impacts the form and content of disclosures presented in the financial statements of your Fund.

FRS 6, FRS 117 and amendment to FRS 119<sub>2004</sub> are not relevant to your Fund's operations.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. Your Fund has applied this Framework for the financial year ended 31 May 2008.

Your Fund has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for your Fund's financial statements for the financial year ending 31 May 2009:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. Your Fund will apply these FRSs from the financial year ending 31 May 2009 onwards.

The following amendment and IC Interpretations have been issued and are effective for the financial periods beginning on or after 1 July 2007 but are not relevant to your Fund's operations:

Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates <i>Net Investment in a Foreign Operation</i>
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

## 5. Significant Accounting Policies

### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of your Fund's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

#### Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. Your Fund recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

#### **(b) Financial Instruments**

Financial instruments are recognised in the balance sheet when your Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when your Fund has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item. There are no financial instruments not recognised in the balance sheet.

#### **(c) Functional and Presentational Currency**

The functional currency of your Fund is measured using the currency of the primary economic environment in which your Fund operates. The financial statements of your Fund are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

#### **(d) Investments**

Investments are stated at the lower of cost and market value on an aggregate portfolio basis. Cost is determined on the weighted average of purchase price of quoted securities while market value is determined based on market values at the balance sheet date. On the disposal of quoted securities, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

#### **(e) Receivables**

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

#### **(f) Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### **(g) Income Taxes**

Income taxes for the year comprise current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### (h) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (j) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

#### (k) Revenue Recognition

##### i Investments

The realised gain or loss on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments, calculated on the weighted average cost basis.

##### ii Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

##### iii Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

### 6. Investments

In RM	2008	2007
At cost: Quoted securities in Malaysia, at 1.6.2007/1.6.2006	96,001,558	78,128,785
Additions for the financial year	61,820,563	42,131,775
Disposals during the financial year	(25,684,493)	(24,259,002)
Quoted securities in Malaysia, at 31.5.2008/2007	132,137,628	96,001,558
Market value of quoted investments in Malaysia	213,538,110	173,320,796

### 7. Other Receivables

In RM	Note	2008	2007
Other receivables		1,004,901	1,209,038
Deposit		500	500
Prepayments		365,694	296,928
Related party	18	352,027	286,470
		1,723,122	1,792,936

### 8. Short-term Deposits

In RM	2008	2007
Deposits with licensed financial institutions	58,590,000	55,100,000

The weighted average effective interest rate of short-term deposits at the balance sheet date was 3.45% (2007 – 3.46%) per annum and the average maturity period was 31 days (2007 – 31 days).

### 9. Other Payables

In RM	2008	2007
Other payables	2,640,543	45,877
Accruals	80,000	80,000
	2,720,543	125,877

## 10. Share Capital

	2008	2007	2008	2007
Ordinary shares of RM1 each: -	Number of shares		RM	RM
Authorised	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid-up	140,000,000	140,000,000	140,000,000	140,000,000

## 11. Retained Profits

Subject to agreement with the tax authorities, your Fund has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax-exempt income to distribute retained profits of approximately RM10,100,000 by way of dividends without your Fund incurring additional tax liabilities. The balance of the retained profits, if distributed as dividends, will incur additional tax payments.

Effective 1 January 2008, your Fund has been given the option to make an irrevocable election to move to a single tier system or continue to use its tax credits under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credits are fully utilised or latest by 31 December 2013.

## 12. Net Assets per Ordinary Share

The net assets per ordinary share of your Fund is calculated based on the net assets at the balance sheet date of RM192,324,704 (2007 – RM153,244,329) divided by the number of ordinary shares in issue at the balance sheet date of 140,000,000 (2007 – 140,000,000).

## 13. Net Assets Value per Ordinary Share

Net assets value represents the net asset of your Fund after taking into consideration the surplus of the market value over the carrying value of the quoted investments as at the balance sheet date, calculated as follows:-

In RM	2008	2007
Net assets	192,324,704	153,244,329
Surplus of market value over carrying value of quoted investments	81,400,482	77,319,238
Net assets value	273,725,186	230,563,567
Number of ordinary share of RM1 each, issued and fully paid-up	140,000,000	140,000,000
Net assets value per ordinary share (RM)	1.95	1.65

## 14. Income Tax Expense

In RM	2008	2007
Current tax:-		
For the financial year	2,038,502	1,896,722
Underprovision in the previous financial year	-	256,947
	2,038,502	2,153,669

During the financial year, the statutory tax rate was reduced from 27% to 26%, based on the Malaysian Budget 2007.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of your Fund is as follows:-

In RM	2008	2007
Profit before taxation	41,118,877	16,753,800
Tax at the statutory tax rate of 26% (2007 – 27%)	10,690,908	4,523,526
Tax effects of: Non-taxable income	(9,548,689)	(3,181,331)
Tax-exempt dividends	(336,287)	(314,180)
Non-deductible expenses	1,232,570	868,707
Underprovision of current tax in previous financial year	-	256,947
Tax for the financial year	2,038,502	2,153,669

## 15. Earnings per Share

The basic earnings per ordinary share is arrived at by dividing the earnings for the financial year of RM39,080,375 (2007 – RM14,600,131) over the number of ordinary shares of your Fund in issue during the financial year of 140,000,000 (2007 – 140,000,000).

## 16. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:-

In RM	<u>2007</u>	<u>2007</u>
Short-term deposits	58,590,000	55,100,000
Cash and bank balances	<u>2,641,653</u>	<u>318,861</u>
	61,231,653	55,418,861

## 17. Segmental Information

No segmental information is presented as your Fund is a closed-end fund and operates primarily in Malaysia.

## 18. Related Party Disclosures

### (a) Identities of related parties

- (i) Your Fund has a related party relationship with Capital Dynamics Asset Management Sdn. Bhd. ("CDAM"), the fund manager of your Fund. The directors of your Fund, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya and Michael Vitus Wong Kuan Lee, are directors and substantial shareholders of CDAM; and
- (ii) key management personnel of your Fund.

### (b) In addition to the transactions detailed elsewhere in the financial statements, your Fund carried out the following transactions with its related parties during the year:-

Nature of transaction (in RM)	<u>2008</u>	<u>2007</u>
Fund management fees paid to CDAM	<u>2,055,442</u>	<u>1,363,494</u>
Balance as at balance sheet date	352,027	286,470

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that were mutually agreed between the parties.

### (c) Key management personnel compensation

The amount of emolument receivable by the directors of your Fund during the financial year was as follows:-

In RM	<u>2008</u>	<u>2007</u>
Short-term employee benefits	80,000	80,000

Details of the directors' emoluments receivable for the financial year in bands of RM50,000 are as follows:-

In number	<u>2008</u>	<u>2007</u>
Non-executive directors' fees – Below RM50,000	4	4

## 19. Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments :

### (a) Investments

The fair values of the investments of your Fund at the balance sheet date is as follows:-

In RM	<u>Carrying amount</u>	<u>Fair value</u>
Quoted securities	132,137,628	213,538,110*

The market value of investments represents the closing market price of the quoted securities at the balance sheet date.

### (b) Cash and Bank Balance and Other Short-term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

## Investment Portfolio

As of 11 June 2008, details of the investment portfolio of your Fund are as follows:

Companies	Shares	Cost (RM)	Value (RM)	Unrealised Profit/(Loss) (RM)
1 <b>Boustead Holdings Berhad</b> Conglomerate	2,070,400	8,793,554	10,973,120	2,179,566
2 <b>Fraser &amp; Neave Holdings Berhad</b> Manufacturing drinks, glass, etc	2,497,000	15,885,366	22,348,150	6,462,784
3 <b>Hai-O Enterprise Berhad</b> Retailing of herbs and medicine, etc	509,000	1,694,320	1,924,020	229,700
4 <b>Integrax Berhad</b> Port operations, etc	9,129,700	8,221,264	7,440,706	-780,558
5 <b>Lion Diversified Holdings Berhad</b> Steel, etc	1,409,000	449,552	2,099,410	1,649,858
6 <b>Mieco Chipboard Berhad</b> Makes chipboard	1,632,100	2,103,832	840,531	-1,263,301
7 <b>Padini Holdings Berhad</b> Apparel and shoes retailing, etc	4,540,000	6,423,435	13,529,200	7,105,765
8 <b>Parkson Holdings Berhad</b> Retailing	8,700,000	21,003,010	45,675,000	24,671,990
9 <b>Petronas Dagangan Berhad</b> Marketing of petroleum products	2,700,000	11,137,812	20,655,000	9,517,188
10 <b>Poh Kong Holdings Berhad</b> Trading of gold ornaments, etc	2,012,500	765,889	925,750	159,861
11 <b>P.I.E. Industrial Berhad</b> Manufacture electronics, etc	3,407,200	10,242,055	17,036,000	6,793,945
12 <b>Suria Capital Holdings Berhad</b> Port operation, bunkering service, etc	3,000,600	6,322,047	6,781,356	459,309
13 <b>Swee Joo Berhad</b> Shipping and related businesses	2,083,100	2,858,552	2,291,410	-567,142
14 <b>Telekom Malaysia Berhad</b> Telecommunication services	2,200,000	6,947,795	6,908,000	-39,795
15 <b>TM International Berhad</b> Telecommunication services	2,200,000	17,883,495	15,400,000	-2,483,495
16 <b>Tong Herr Resources Berhad</b> Manufacturing fasteners	2,908,000	6,692,932	8,084,240	1,391,308
17 <b>VADS Berhad</b> Manages network services, etc	2,774,400	6,001,252	17,340,000	11,338,748
<b>Total</b>		<b>133,426,162</b>	<b>200,251,893</b>	<b>66,825,731</b>

As of 11 June 2008, no provision for diminution in value was made in respect of the above investments since the date they were acquired. In addition, the following investments were disposed during the financial year ended 31 May 2008:-

Companies	Shares	Cost (RM)	Disposal Value (RM)	Realised Profit/(Loss) (RM)
1 <b>Boustead Holdings Berhad</b> Conglomerate	235,600	624,547	1,203,475	578,928
2 <b>Integrax Berhad</b> Ports operations, etc.	765,000	667,088	1,050,134	383,046
3 <b>Lion Diversified Holdings Berhad</b> Steel, etc	4,000,000	1,287,501	8,773,410	7,485,909
4 <b>Petronas Dagangan Berhad</b> Marketing of petroleum products	600,000	2,391,405	5,026,748	2,635,343
5 <b>Poh Kong Holdings Berhad</b> Trading of gold ornaments, etc	308,000	428,808	615,186	186,378
6 <b>UMW Holdings Berhad</b> Distribution of automobiles, etc	2,200,000	13,191,140	32,078,029	18,886,889
7 <b>United Malacca Berhad</b> Plantation, investment, etc	1,726,500	7,094,004	13,663,237	6,569,233
<b>Total</b>		<b>25,684,493</b>	<b>62,410,219</b>	<b>36,725,726</b>

### Security Transaction Information

Total number of transactions in securities entered into for the year ended 31 May 2008 amounted to 107 trades with total brokerage paid of RM283,508.73.

### Gross Revenue of the Closed-End Fund

The information on your Fund's gross revenue is presented on page 21 in the audited income statement for the year ended 31 May 2008 as attached in this Annual Report.

## Additional Information

### 1. Share Buy-backs

Your Fund does not have any share buy-back programme in place.

### 2. Options, Warrants or Convertible Securities

Your Fund has not issued any options, warrants or convertible securities in respect of the year.

### 3. Non-Audit Fees

The non-audit fees and other services paid to the external auditors in respect of the year were RM2,500.00 for the drafting of financial statements.

### 4. Sanctions and/or Penalties

There were no sanctions or penalties imposed on your Fund or its Directors by regulatory bodies.

### 5. Revaluation of Landed Properties

Your Fund does not own any landed properties.

### 6. Profit Estimation, Forecast or Projection

Your Fund has not made any profit estimation, forecast or projection in respect of the year. There is no material variance between the results for the financial year and the unaudited results previously announced.

### 7. Profit Guarantee

Your Fund has not given any profit guarantee for the year.

### 8. Material Contracts

Save as disclosed below, your Fund had not entered into any material contracts which involved Directors or major shareholders, either still subsisting at the end of the year, or which were entered into since the end of the previous year:-

Date	6 September 2005
Party	Capital Dynamics Asset Management Sdn. Bhd. (CDAM)
Nature	Fund Management Agreement
Consideration	RM2,055,441.80 (from 1 June 2007 – 31 May 2008)
Mode of settlement of consideration	Cash
Relationship	The Directors of your Fund namely YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya and Michael Vitus Wong Kuan Lee are the directors and major shareholders in CDAM. They do not hold any executive position in CDAM and are not involved in the daily operations and management of CDAM.

### 9. Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature

Your Fund is seeking Shareholders' Mandate in respect of the RRPT of a revenue or trading nature to be entered into by your Fund as stated in Section 2.1.3 of the Circular to Shareholders dated 11 July 2008 at the forthcoming Annual General Meeting to be held on 2 August 2008.

The aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year ended 31 May 2008 is disclosed on page 27 of the financial statements.

### 10. Fund Manager's Interest in your Fund

As at 31 May 2008, the designated person has a direct interest in 10,000 shares and an indirect interest in 516,700 shares, whilst the Fund Manager has a direct interest in 539,000 shares.

### 11. Employees Share Option Scheme (ESOS)

Your Fund has not implemented any ESOS in respect of the year.

### 12. Utilisation of Proceeds

Your Fund did not raise funds through any corporate proposals during the financial year.

### 13. Corporate Social Responsibilities

Your Fund is mindful of its corporate social responsibilities towards its share owners, communities, and other stakeholders, as well as the environment. In order to keep the share owners abreast of the investments of your Fund and to enhance their knowledge on the investment in securities, your Fund has invited Mr. Tan Teng Boo, the Designated Person of the Fund Manager, to give a presentation to the share owners immediately after the conclusion of every annual general meeting.

### Analysis of Shareholdings as at 11 June 2008

Authorised Share Capital	:	1,000,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Capital	:	140,000,000 ordinary shares of RM1.00 each
Voting Rights per share	:	One

### Distribution of Shareholdings

Total Holdings	Holdings	No. of Holders	%
Less than 100	100	2	0.062
100 to 1,000	580,300	675	20.911
1,001 to 10,000	6,954,050	1,460	45.229
10,001 to 100,000	26,567,483	762	23.606
100,001 to 6,999,999	105,898,067	329	10.192
7,000,000 and above	0	0	0.000
<b>Total</b>	<b>140,000,000</b>	<b>3,228</b>	<b>100.00</b>

### Directors' Interest in your Fund

	Direct		Indirect	
	No.	%	No.	%
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	3,000,000	2.143	539,000	0.385
Dato' Raja Nong Chik Bin Raja Zainal Abidin	-	-	514,100	0.367
Michael Vitus Wong Kuan Lee	-	-	639,000	0.456
Yeoh Ah Tu	-	-	-	-
David Loo Kean Beng	-	-	-	-

### Substantial Shareholders

Your Fund does not have any substantial shareholders.

### Thirty Largest Shareholders

No	Name	No. of Shares	%
1.	YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	3,000,000	2.142
2.	Lam Fook Shin	2,500,000	1.785
3.	AnnHow Holdings Sdn. Bhd.	2,000,000	1.428
4.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Mellon Bank (Mellon)	2,000,000	1.428
5.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Chee Hiung	2,000,000	1.428
6.	Imej Warisan Sdn. Bhd.	1,500,000	1.071
7.	Chua Hang Kuang	1,341,300	0.958
8.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pamela Ling Yueh	1,300,000	0.928
9.	Beh Heng Seong	1,294,000	0.924
10.	HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Goh Seng Guan	1,262,700	0.901
11.	Leow Kok Meow & Sons Sendirian Berhad	1,250,000	0.892
12.	Ocuvas Sdn. Bhd	1,095,000	0.782
13.	Wong Yoon Tet	1,080,000	0.771
14.	Soon Khiat Voon	1,000,000	0.714
15.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ch'ng Gim Chew	953,000	0.680
16.	Tan Teo Ang	946,000	0.675
17.	Lee Siew Lin	700,000	0.500
18.	Crescendo Overseas Corporation Sdn. Bhd.	692,500	0.494
19.	Soo Sing Fatt	600,000	0.428
20.	Tan Yeow Guan	600,000	0.428
21.	Vohran-Merican Sdn. Bhd.	585,300	0.418
22.	Goh Eng Ngai	570,000	0.407
23.	Chang Kwong Lit	550,000	0.392
24.	Capital Dynamics Asset Management Sdn Bhd	539,000	0.385
25.	Chin Phoy Hoy	535,000	0.382
26.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kevin Lee @ Lee Tien Se	530,000	0.378
27.	Lee Hau Hian	519,200	0.370
28.	Pang Kuan Soh	513,300	0.366
29.	Kian Hoe Plantations Berhad	509,000	0.363
30.	Gooi Seong Chneh	500,000	0.357



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fourth Annual General Meeting of **icapital.biz Berhad** will be held at Ballroom 3, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, on Saturday, 2 August 2008 at 10.00 a.m. for the following purposes:-

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2008 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To approve the payment of Directors' Fees of RM80,000 for the financial year ended 31 May 2008. Resolution 2
3. To re-elect Yeoh Ah Tu who retires by rotation pursuant to Article 96(1) of the Company's Articles of Association. Resolution 3
4. To re-elect David Loo Kean Beng who retires pursuant to Article 103 of the Company's Articles of Association. Resolution 4
5. To re-appoint Messrs Horwath as Auditors of the Company and authorise the Directors to fix their remuneration. Resolution 5

#### As Special Business

6. To consider and if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-  
  
"THAT YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act, 1965 be and are hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting of the Company." Resolution 6  
  
"THAT Michael Vitus Wong Kuan Lee who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act, 1965 be and are hereby re-appointed as a Director of the Company and to hold office until the next Annual General Meeting of the Company." Resolution 7

To consider and if thought fit, to pass the following resolutions, with or without any modification, as Ordinary and Special Resolutions of the Company:-

7. Ordinary Resolution  
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature  
  
"THAT approval be and is hereby given to the Company to seek renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature and with specified class of the related party as stated in Section 2.1.3 of the Circular to Shareholders dated 11 July 2008, which are necessary for its day-to-day operations subject to the following:- Resolution 8
  - (i) the transactions are in the ordinary course of business and are entered into on terms which are not more favourable to the related parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Shareholders' Mandate"); and
  - (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year.

THAT the Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the Fourth Annual General Meeting at which the Proposed Shareholders' Mandate has been passed, at which time it will lapse, unless by a resolution passed at an Annual General Meeting whereby authority is renewed;
- (b) the expiration of the period within the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act 1965); or
- (c) revoked or varied by a resolution passed by the shareholders in general meeting;

whichever is the earlier.

#### 8. Special Resolution

Proposed Amendments to the Articles of Association

"THAT the Proposed Amendments to the Articles of Association of the Company as set out in Appendix I be and is hereby approved and adopted. Resolution 9

THAT the Directors and the Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the Proposed Amendments to the Articles of Association as set out in Appendix I.

AND THAT the Directors of the Company, be and are hereby authorised to assent to any conditions, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad."

#### By Order of The Board

**Kuan Hui Fang** (MIA 16876)  
**Tham Wai Ying** (MAICSA 7016123)

Company Secretaries  
 Petaling Jaya  
 11 July 2008

#### Notes:

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.*
2. *Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
4. *The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the Meeting or any adjournment thereof.*

### **Explanatory Notes on Special Business**

5. **Resolution 6:-**

*The re-appointment of YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Resolution 6 is passed by a majority of not less than three-fourths (¾) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.*

6. **Resolution 7:-**

*The re-appointment of Mr Michael Vitus Wong Kuan Lee, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if the proposed Resolution 7 is passed by a majority of not less than three-fourths (¾) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.*

7. **Resolution 8:**

*The proposed Resolution 8, if passed, will enable the Company to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in Section 2.1.3 of the Circular to Shareholders of the Company dated 11 July 2008. This authority, unless revoked or varied by the Company in a General Meeting, will expire at the next Annual General Meeting of the Company.*

8. **Resolution 9:**

*The proposed Resolution 9, if passed, will render the Articles of Association of the Company to be consistent with all the amendments set out in Chapter 7 and relevant provisions of other Chapters of the Listing Requirements of Bursa Malaysia Securities Berhad and any prevailing laws, rules, regulations, order, guidelines or requirements of the relevant authorities.*

*For further information on the Proposed Amendments to the Articles of Association of the Company, please refer to the Company's Circular to Shareholders dated 11 July 2008 enclosed together with the Company's Annual Report 2008. The Appendix I in the Proposed Special Resolution means the Appendix I of the Circular to Shareholders dated 11 July 2008.*

9. **Presentation of Investment Portfolio of the Company**

*In order to keep the share owners abreast of the investments of the Company for the year ended 31 May 2008, the Board is pleased to invite the share owners of the Company to attend the Presentation on the Company's Investment Portfolio by Tan Teng Boo, the Designated Person of the Fund Manager, i.e. Capital Dynamics Asset Management Sdn. Bhd., immediately after the conclusion of the Fourth Annual General Meeting.*

### **Statement Accompanying the Notice of Annual General Meeting**

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

#### **NAMES OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION / RE-APPOINTMENT**

- (a) Director retiring pursuant to Article 96(1) of the Company's Articles of Association
  - Yeoh Ah Tu
- (b) Director retiring pursuant to Article 103 of the Company's Articles of Association
  - David Loo Kean Beng
- (c) Directors who are over the age of seventy (70) and seeking re-appointment
  - YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya; and
  - Michael Vitus Wong Kuan Lee

The details of the Directors who are standing for re-election / re-appointment are set out in the Directors' Profile on page 12 of this Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings on page 30 of this Annual Report.

**Notes**

**Proxy Form****icapital.biz Berhad (674900-X)**  
(Incorporated in Malaysia)  
**PROXY FORM**

No. of shares held

I/We \_\_\_\_\_

Tel: \_\_\_\_\_

[Full name in block, NRIC No./Company No. and telephone number]

of \_\_\_\_\_

being a member/members of **icapital.biz Berhad**, hereby appoint:-

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Ballroom 3, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Saturday, 2 August 2008 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:-

No.	Resolution	For	Against
1	Audited Financial Statements		
2	Payment of Directors' Fees		
3	Re-election of Yeoh Ah Tu as Director		
4	Re-election of David Loo Kean Beng as Director		
5	Re-appointment of Messrs Horwath as Auditors		
6	Re-appointment of YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya as Director		
7	Re-appointment of Michael Vitus Wong Kuan Lee as Director		
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9	Proposed Amendments to the Articles of Association		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2008

\_\_\_\_\_  
Signature of Shareholder/Common Seal**Notes:**

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.
- Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a notially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the Meeting or any adjournment thereof.

Fold this flap for sealing

---

1st fold here

---

**AFFIX  
STAMP**

The Company Secretary  
icapital.biz Berhad  
Level 14, Uptown 1  
No. 1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

Then fold here

---

## **Corporate Information**

### **Board of Directors**

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya  
(Chairman/Non-Independent Non-Executive Director)

Dato' Raja Nong Chik Bin Raja Zainal Abidin  
(Independent Non-Executive Director)

Michael Vitus Wong Kuan Lee  
(Non-Independent Non-Executive Director)

Yeoh Ah Tu  
(Independent Non-Executive Director)

David Loo Kean Beng  
(Independent Non-Executive Director)

### **Audit Committee**

Chairman: Dato' Raja Nong Chik Bin Raja Zainal Abidin

Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Yeoh Ah Tu

David Loo Kean Beng

### **Nomination Committee**

Chairman: Yeoh Ah Tu

Members:

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Dato' Raja Nong Chik Bin Raja Zainal Abidin

David Loo Kean Beng

### **Stock Exchange Listing**

Main Board of Bursa Securities. Date of listing: 19 October 2005.

Stock Name: ICAP

Stock Code: 5108

Your Fund does not have any American Depository Receipt nor Global Depository Receipt programme in place.

### **Fund Manager**

Capital Dynamics Asset Management Sdn. Bhd.  
16.01B, 16th Floor, Plaza First Nationwide  
161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur.  
Designated Person : Tan Teng Boo  
Tel No. : (603) 2070 2106-8  
Fax No.: (603) 2070 6653  
Email : [cdam@cdam.biz](mailto:cdam@cdam.biz)

### **Administrator**

PFA Malaysia Sdn. Bhd.  
Level 13, Uptown 1, No. 1 Jalan SS21/58  
Damansara Uptown, 47400 Petaling Jaya  
Selangor Darul Ehsan.

### **Registered Office**

Level 14, Uptown 1, No. 1 Jalan SS21/58  
Damansara Uptown, 47400 Petaling Jaya  
Selangor Darul Ehsan.  
Tel No. : (603) 7718 6188  
Fax No : (603) 7725 7791-3  
Email : [corpserv@pfa.com.my](mailto:corpserv@pfa.com.my)

### **Secretaries**

Kuan Hui Fang (MIA 16876)  
Tham Wai Ying (MAICSA 7016123)

### **Investment Adviser**

Capital Dynamics Sdn. Bhd.  
16.01A, 16th Floor, Plaza First Nationwide  
161, Jalan Tun H.S. Lee,  
50000 Kuala Lumpur.  
Tel No. : (603) 2070 2104/5, 2070 1654/75  
Fax No.: (603) 2070 2103  
Email : [cdsb@icapital.biz](mailto:cdsb@icapital.biz)

### **Custodian**

Deutsche Bank (Malaysia) Berhad  
Level 18 Menara IMC, No. 8  
Jalan Sultan Ismail, 50250 Kuala Lumpur.

### **Registrar**

PFA Registration Services Sdn. Bhd.  
Level 13, Uptown 1, No. 1 Jalan SS21/58  
Damansara Uptown, 47400 Petaling Jaya  
Selangor Darul Ehsan.  
Tel No. : (603) 7718 6000  
Fax No.: (603) 7722 2311

### **Auditors**

Horwath (AF1018), Level 16, Tower C  
Megan Avenue II, 12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur.

## Contents

About icapital.biz Berhad	Inside front cover
icapital.biz Berhad's Performance Review	1
(a) Letter to Share Owners	
(b) What we have done with your funds	2
Mengenai icapital.biz Berhad	4
Tinjauan Prestasi icapital.biz Berhad	5
(a) Surat kepada Pemilik Saham	
(b) Apa yang telah kami lakukan dengan dana anda	6
关于资本投资有限公司	8
回顾资本投资有限公司的表现	9
(a) 给股东们的信	
(b) 我们如何善用您的资金	10
Profile of Directors	12
Statement of Corporate Governance	13
Statement of Internal Control and Audit Committee Report	15
Directors' Report	17
Statement by Directors, Statutory Declaration and Financial Statements	19
Investment Portfolio	28
Additional Information	29
Analysis of Shareholdings as at 11 June 2008	30
Notice of Annual General Meeting	31
Statement Accompanying the Notice of Annual General Meeting	33
Proxy Form	
Corporate Information	Inside back cover