

icapital.biz Berhad

(674900 X)

## **2014 Annual Report**

## A | Who we are

icapital.biz Berhad (your Fund) is a closed-end fund. The primary investment objective is long-term capital appreciation of its investments whilst dividend and/or interest income from these investments would be of secondary consideration.

Your Fund invests in undervalued companies which are listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) and the ACE Market of Bursa Securities.

It can also invest in cash deposits and up to 10% of its asset value in unlisted companies. The asset allocation of your Fund is a function of its value investing philosophy and theoretically, can range from 0% equities to 100% equities.

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 share owners, 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.icapitaleducation.biz](http://www.icapitaleducation.biz)

## D | How to contact us

For more information on your Fund, kindly visit [www.icapital.my](http://www.icapital.my)

The company secretary can be contacted at (603) 2264 8888, at fax no (603) 2282 2733 or at [info@my.tricorglobal.com](mailto:info@my.tricorglobal.com)

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 [cgsb@icapital.biz](mailto:cdsb@icapital.biz)

# How did we do?

**In this section we review the performance of icapital.biz Berhad for the previous year.**

## A | Letter to share owners

For the financial year ended 31 May 2014, your Fund recorded total revenue of RM43.682 million, a decrease of RM22.272 million or 34% compared with the corresponding period last year. Your Fund recorded a pretax profit of RM35.045 million for the year ended 31 May 2014, compared with a pretax profit of RM58.976 million for the last financial year. The decrease in pretax profit was due to lower profit levels from the sale of securities and lower dividend income. Hence, compared with an after-tax profit of RM56.813 million in the last financial year, your Fund recorded an after-tax profit of RM33.446 million for the current financial year.

In appraising the performance of your Fund, its net asset value (NAV) is the key variable on which to focus instead of the net profits made as your Fund's primary investment objective is long-term capital appreciation. The NAV of your Fund rose from RM2.99 per share on 31 May 2013 to RM3.05 per share by 31 May 2014, a gain of 2%.

Since the listing of your Fund, its NAV has recorded excellent performance despite the turbulent market conditions locally and abroad ranging from the Lehman Panic, the financial crisis in the EU and more. Your Fund has also consistently outperformed the regional and more established stock markets in Hong Kong, Australia and Singapore. It is indeed a local stock with world class returns. There, I congratulate our share owners for having made a wise choice in investing in icapital.biz Berhad.

Please be rest assured that your Board, together with your Fund Manager and Investment Adviser, has always put

forth the interest of our share owners on top priority. That was one of the reasons that your Board had decided to utilize the tax credit which would expire on 31 December 2013 and distributed a special dividend in October last year, although the RM10 million dividend payment could have been utilized to invest further and be compounded at the rate of return that your Fund has been enjoying thus far.

Your Board, together with your Fund Manager and Investment Adviser, would continue to address any issues of concern from the share owners, such as, the prevailing discount that your Fund is trading at against its NAV. Nevertheless, share owners can take advantage of the discount due to your Fund's long-term mandate and attractive valuation.

With the proven track record of your Fund Manager and sound investment advice from your Investment Adviser, I trust that your Fund is well prepared and positioned to take advantage of any investment opportunities that may arise and continue its upward trend. Again, the most important task at hand is to continue to maintain the quality of investment in the Fund, which has always been the policy of the Investment Adviser and Fund Manager since the day your Fund was started.

Lastly, I would like to announce my retirement as the Chairman as well as a member of your Board at the conclusion of the Tenth Annual General Meeting, after having served your Fund since its listing in October 2005.

I would like to take this opportunity to extend my sincere appreciation to your Board, your Fund Manager and Investment Adviser, and the rest of the service providers for their contribution towards the success of your Fund since its inception.

I would like to express my utmost gratitude to all the share owners for the strong support and trust rendered to your Fund over the last 9 years.

As your Fund is moving into its 10th Annual General Meeting, I trust that your Board, together with your Fund Manager and Investment Adviser, would continue to see that your Fund shall carry on with its good performance for many years to come.

***YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya***  
***Chairman***  
***25 June 2014***

# 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 after 31 May 2013 and the current portfolio, ranked in terms of the market value of each stock and the quantities held are shown in **Charts 1, 2 and 3** below.

## (ii) Investments sold

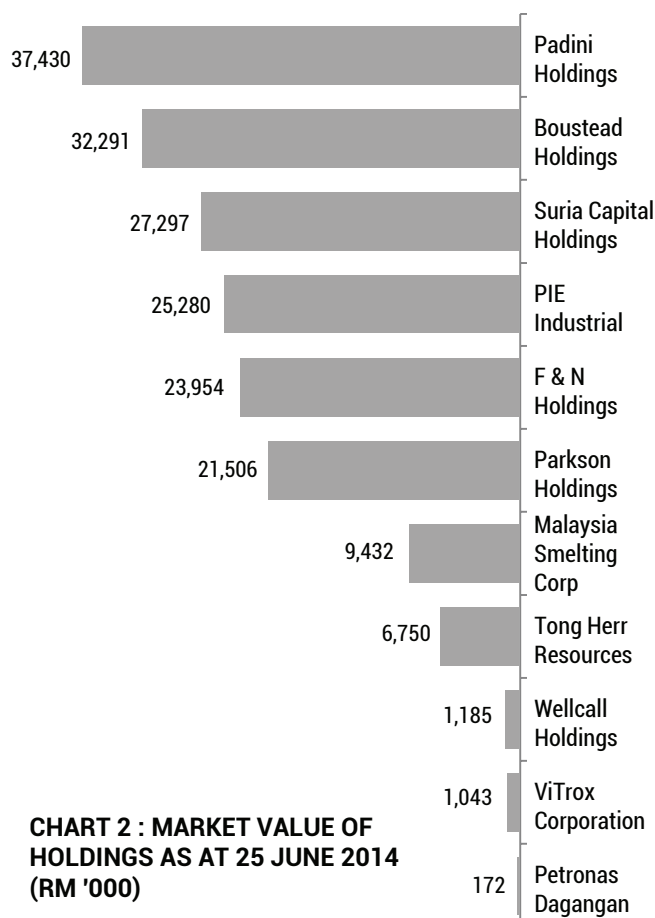
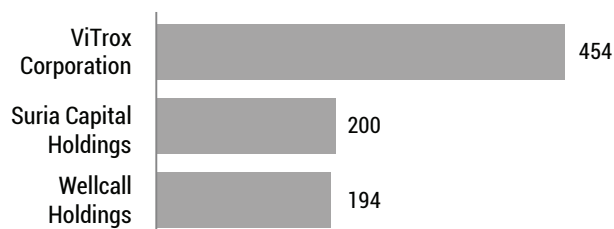
For the financial year ended 31 May 2014, your Fund sold 200,000 shares of Fraser & Neave Holdings Bhd, 4,884,500 shares of Integrax Berhad and 892,900 shares of Petronas Dagangan Berhad. These sales generated realised gains of RM30.747 million with a cost of RM9.457 million.

As at 31 May 2014, your Fund invested RM101.399 million with a market value of RM185.731 million, giving unrealised gains of RM84.332 million. Of the Fund's investments as at 31 May 2014, Padini Holdings Berhad, P.I.E. Industrial Berhad and Fraser & Neave Holdings Bhd have substantial unrealised gains.

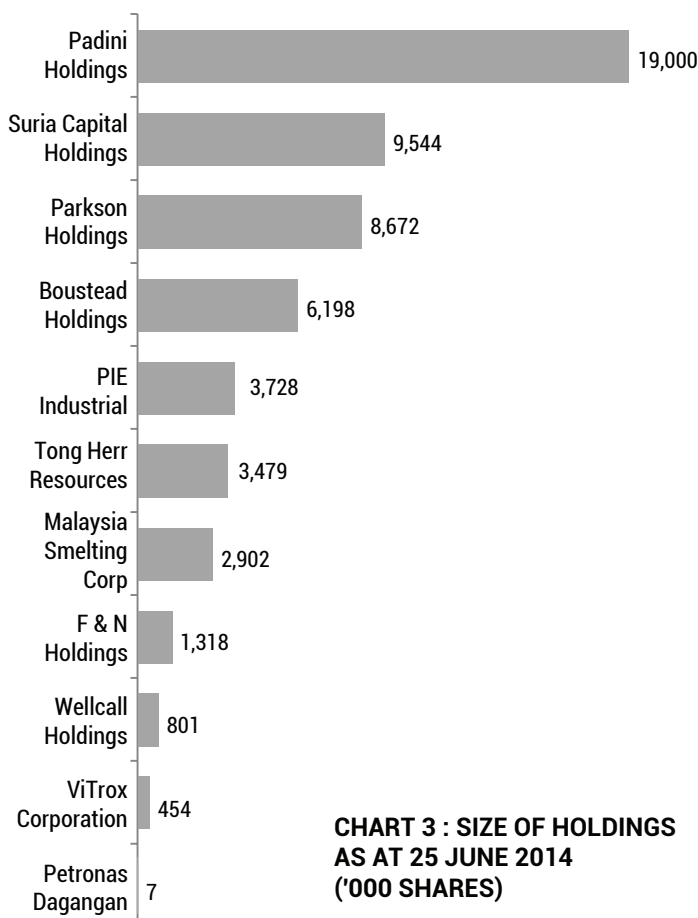
## (iii) Investments made

For the year ended 31 May 2014, your Fund made a new purchase; namely, ViTrox Corporation Berhad. At the same time, your Fund made additional investments in Suria Capital Holdings Berhad and Wellcall Holdings Berhad.

**CHART 1 : PURCHASES MADE SINCE 31 MAY 2013** ('000 shares)



**CHART 2 : MARKET VALUE OF HOLDINGS AS AT 25 JUNE 2014 (RM '000)**

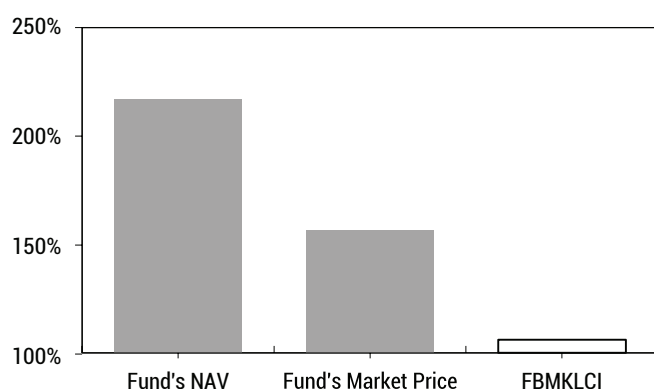


**CHART 3 : SIZE OF HOLDINGS AS AT 25 JUNE 2014 ('000 SHARES)**

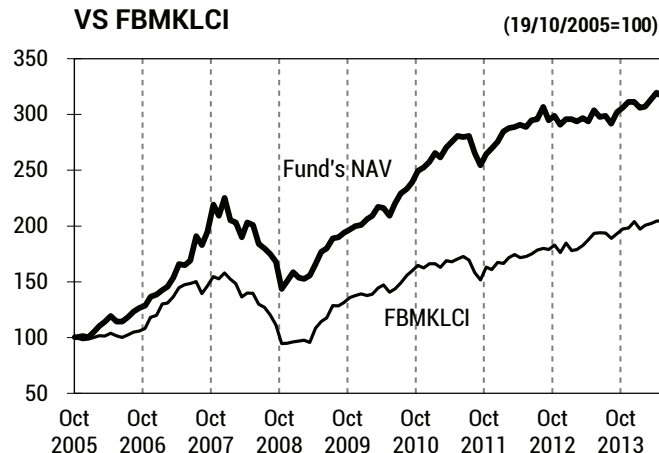
## HOW DID WE DO?

icapital.biz Berhad's performance review

**CHART 4: GAIN FROM 19 OCT 2005 TO 25 JUN 2014**



**CHART 5 : FUND'S NAV VS FBMKLCI**



### (iv) Performance : NAV and market price

Since its listing on 19 October 2005, the NAV per share of your Fund has risen from RM0.99 to RM3.05 by 31 May 2014 – see **Chart 4**. This represents a gain of 208%. Since its listing on 19 October 2005, the market price of your Fund has risen from RM1.01 to RM2.52 by 31 May 2014. This represents a gain of 149%. During the same period, FBMKLCI has risen by only 105%.

**Chart 5** shows the performance of your Fund's NAV in comparison with the FBMKLCI.

From 1 June 2013 to 31 May 2014, the NAV per share of your Fund rose from RM2.99 to RM3.05 or a gain of 2%. From 1 June 2013 to 31 May 2014, the

market price of your Fund has risen from RM2.40 to RM2.52 or a gain of 5%. In the same period, FBMKLCI gained 6%.

The performance of icapital.biz Berhad has, since its listing in October 2005, beaten the KL stock market, whether measured in terms of NAV or market price, as shown in **Tables 1 and 2** below.

Your Fund has also outperformed leading regional markets, in particular, the Hong Kong, Sydney and Singapore stock markets. Owning shares of icapital.biz Berhad has been far more rewarding than investing in Sydney, Hong Kong or Singapore, even when they are expressed in their own respective currencies.

Table 1	Cumulative Return From 19 October 2005 To			
	Fund's NAV	Fund's Market Price	FBMKLCI	Fund's Cash Level
Ending Date				
31-Dec-05	0.00%	8.00%	-1.57%	62.39%
31-Dec-06	38.38%	46.00%	19.92%	33.79%
31-Dec-07	125.25%	162.00%	58.07%	15.58%
31-Dec-08	58.59%	39.00%	-4.09%	32.97%
31-Dec-09	101.01%	74.00%	39.23%	10.51%
31-Dec-10	157.58%	109.00%	66.15%	29.87%
31-Dec-11	175.76%	105.00%	67.44%	34.92%
31-Dec-12	195.96%	137.00%	84.75%	34.34%
31-Dec-13	211.48%	147.37%	104.22%	50.73%
25-Jun-14	216.66%	156.65%	106.70%	56.17%

Table 2

Ending Date	Annualised Return From 19 October 2005 To			
	Fund's NAV	Fund's Market Price	FBMKLCI	Fund's Cash Level
31-Dec-05	0.00%	46.93%	-7.62%	62.39%
31-Dec-06	31.09%	37.08%	16.34%	33.79%
31-Dec-07	44.65%	54.93%	23.14%	15.58%
31-Dec-08	15.49%	10.83%	-1.30%	32.97%
31-Dec-09	18.07%	14.09%	8.19%	10.51%
31-Dec-10	19.94%	15.22%	10.25%	29.87%
31-Dec-11	17.77%	12.27%	8.67%	34.92%
31-Dec-12	16.25%	12.72%	8.89%	34.34%
31-Dec-13	14.85%	11.67%	9.09%	50.73%
25-Jun-14	14.19%	11.46%	8.72%	56.17%

## (v) What we think

### OWNING VERSUS HOLDING

icapital.biz Berhad, besides being the only listed closed-end fund on the Malaysian stock market, has another unique feature. Investors in icapital.biz Berhad are called share owners, instead of the usual share holders. Why?

It is not just about semantics. Holding implies a transient and temporary possession. In contrast, owning implies a sense of permanency or perpetuity. In explaining the fundamental difference between holding and owning, I have often used the example of properties. Properties are typically seen as long-term investments and the investor is always described as a property owner and never as a property holder. It sounds weird, even out of place to call such an investor a property holder.

The same reasoning applies to a person who owns a business. He or she is not called a business holder. It sounds ludicrous. Instead, the person is called a business owner. One would ask, do you own the business, one would not ask, do you hold the business.

The converse ironically applies to listed shares. Investors are called share holders and not share owners. I have argued elsewhere that investors of listed companies should be called share or business owners. Think about it. What does investing in the shares of a listed company entail? Is this person not investing in a business, and an owner of a business? The person may own 100% or just 0.01% - the percentage does not change the essence and meaning of business ownership. Of course, the investor has the right, the freedom to sell whenever he or she

wants to. This is not the point that I am putting across. What I am saying is that how an investor perceives his or her investment makes a major difference to his or her investment return and the sustainability of that gain. In short, how an investor perceives his or her investment would determine the return the investor eventually gets.

We all know the success of Warren Buffett as an investor. Many of us can quote his famous sayings, advice and even more can talk about his value investing philosophy and long-term investment horizon. There are, however, sadly few people who can put into actual practise what they admire so much about Warren Buffett.

The FORTUNE magazine, one of my favourite readings, recently featured him and I would highlight some key points from this interesting piece. In 1986, he bought a farm near Omaha for US\$280,000. He was not an expert farmer and knew nothing much about operating a farm. What he knew were a few basic facts about long-term economics of farming like how many bushels of corn and soybeans the farm would produce, what the operating expenses would be, that productivity would improve over time and that crop prices would move higher. From these estimates, he figured that the normalised return from the farm would be around 10%. He was able to conclude that the investment had no downside and potentially had substantial upside. There would be the bad crop, and commodity prices would disappoint. Now, 28 years later, the farm has tripled its earnings and is worth five times or more than what he paid for.

What is Buffett telling us about successful investing?



## HOW DID WE DO?

icapital.biz Berhad's performance review

Buffett said :

*“When Charlie Munger and I buy stocks -- which we think of as small portions of businesses -- our analysis is very similar to that which we use in buying entire businesses. We first have to decide whether we can sensibly estimate an earnings range for five years out or more. If the answer is yes, we will buy the stock (or business) if it sells at a reasonable price in relation to the bottom boundary of our estimate”*

This brings us to share ownership and icapital.biz Berhad. From Oct 2005, its NAV has appreciated at an annual rate of 17.8% (up to 2011 and before its cash level built up) and 14.3% (up to May 2014). From Oct 2005, its share price has gained at an annual rate of 12.3% (up to 2011) and 11.7% (up to May 2014). These rates of return are higher than the 10% Buffett expected from his property investments. Just like Buffett was able to conclude that his property investment had no downside and potentially had substantial upside, the same applies to the currently cash-rich icapital.biz Berhad.

Buffett disclosed that with his property investments, he did not care at all about their daily valuations. A major difference between investing in properties and investing in stocks is that stocks provide minute-to-minute pricing, whereas this does not exist for his farm. Buffett's next advice very aptly sums up the right attitude, the right mindset and the right discipline necessary for successful investing :

*“If you can enjoy Saturdays and Sundays without looking at stock prices, give it a try on weekdays.”*

As in a property or a business, be a share owner, instead of just a transient holder.

### CASH HOLDINGS

Owners of stocks often let the whimsical behaviour of their fellow owners cause them to behave irrationally as well. Those people who can sit patiently for decades when they own a property or a business too often

become crazy and frenetic when they are exposed to a stream of stock prices and media commentators telling them “Don't just sit there - do something”. For these investors, Buffett said that liquidity is transformed from the unqualified benefit it should be to a curse.

To be sure, fund managers are often also guilty of the same herd behavior when they let their fellow fund managers cause them to behave irrationally. At Capital Dynamics, we take extreme care to ensure that we do not become part of the lemmings. It is constantly mindful of the fact that Section 1.2 of your Fund's IPO prospectus states that the primary investment objective of icapital.biz Berhad is long-term capital appreciation of its investments and that:

*“When the market is undervalued and there are many investment opportunities whereby companies are trading below their valuation, icapital.biz may invest as much as 95% of its assets in equities with the balance in cash and/or near cash assets ... if the market is overvalued and there are minimal investment opportunities, icapital.biz's asset allocation would have a lesser bias towards equities and can go as low as 10% - 20%”.*

At the time of writing this commentary, your Fund has around RM240 million cash and near cash, compared with RM209 million a year ago. Based on its cash holdings, a few observers have falsely concluded that the fund manager is not doing anything and yet is still getting paid. To these people, holding cash equals not working. On the contrary, the hardest thing in investing is to do nothing. To be a value investor, it takes discipline and character to just sit there with all that cash, and do nothing while others are busily investing. If the growth in cash holdings is due to the exercise of investing discipline and not because the fund manager is not doing his job or is incompetent, this would mean that the cash accumulation is of value.

Investment research and analysis and making investment decisions are on-going, never ending exercises. Whether cash is fully invested or not, these functions would still have to be performed diligently. Holding cash involves the same investment decision-

making process as holding stocks. It involves the same amount of work, concentration and discipline as holding stocks. To imply holding cash equals not working is an acute ignorance of what serious value investing is all about.

Based on numerous valuation metrics, Bursa Malaysia is not cheap. Finding stocks that are attractively priced is getting to be difficult. For instance, although crude palm oil price has plunged 40%-50% since 2011, the plantation index has made new highs while prices of similar stocks listed in Singapore or London have gone down, in tandem with the price of crude palm oil. So, should your fund manager be sufficiently disciplined and stick to the stated investment philosophy or should he deviate from the stated investment philosophy? Your Fund can only be grown if it has sufficient cash on hand to invest in attractively priced stocks, as can be seen in 2008-2009 when the cash level of icapital.biz Berhad was reduced substantially. When there are investments yielding sufficient margin of safety, the cash will be deployed. When it is right for the cash level to drop, it will drop.

#### AN ILLUSTRATION

What can the cash holdings potentially do to your Fund? Should the KLCI fall by 20%, the NAV of icapital.biz Berhad would drop only 9%, due to its current 55% cash holding. If the KLCI plunges 50%, its NAV would fall only 22.7%. This is the protection from its cash holdings.

For the purpose of illustrating what cash holdings can do when the stock market drops, **Table 3** below shows a few possibilities

**Table 3**

ICAP NAV	KLCI
-9.08%	-20%
-13.62%	-30%
-18.16%	-40%
-22.70%	-50%

**Table 4**

Year	ICAP NAV	ICAP Share Price	KLCI
0	100.00	80.00	100.00
1	77.30	61.84	50.00
2	88.90	71.12	55.50
3	102.23	81.78	61.61
4	117.56	94.05	68.38
5	135.20	108.16	75.90
6	155.48	124.38	84.25

While the cash holdings protect the NAV, what about the potential returns? **Table 4** below shows a scenario where we assume that the KLCI and the equity portfolio plunge equally by 50%. Again this example is merely for illustration purposes and is in no way a forecast or projection of future returns. Due to the cash holdings, the NAV drops only 22.7%. Assuming that its market price still trades at a 20% discount, the market price will drop to RM61.84. In such a situation, the cash assets will be deployed. Assuming an annual compound return of 15%, the NAV in year 6 will be 55% higher than in year 0 and its price will be also 55% higher (still assuming a 20% discount). In contrast, the KLCI will in year 6 be 16% lower than in year 0 (assuming its long-term past annual return of 11% for the KLCI). By year 6, even with a 20% discount to NAV, an investor will be almost 1.5 times richer than the investor who bought the component stocks of the KLCI.

#### DOES A PREMIUM OR A DISCOUNT MATTER?

Section 1.11 of your Fund's IPO prospectus states:

*“icapital.biz will suit sophisticated investors who understand and are able to take advantage of the premiums and discounts of CEFs [closed end funds], attracted to the prospects of capital gains and want to have a portfolio which is professionally managed. Investors of icapital.biz are likely to seek long-term capital growth on their*



## HOW DID WE DO?

icapital.biz Berhad's performance review

*investments at an acceptable level of risk.”*

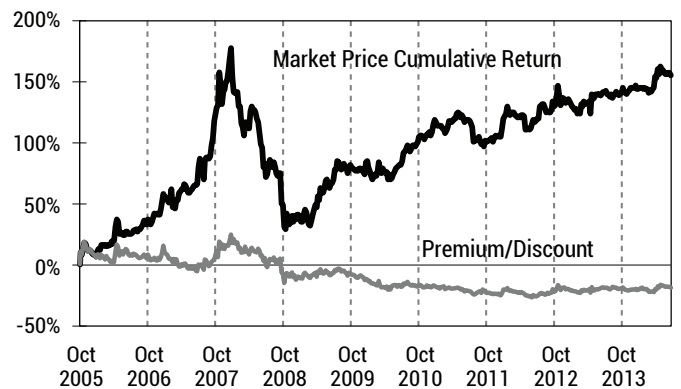
Although “normal” listed companies also trade at premiums or discounts to their NAVs, somehow it is mistakenly perceived that closed-end funds have a monopoly over this feature. Does this feature matter? Just as there would be the bad crop, and poor commodity prices, so discounts to NAV at icapital.biz Berhad could occur, just as premiums would occur too. As a value investor, such opportunities should be utilised for long-term investing. The **Chart 6** is very enlightening.

**Chart 6** shows your Fund's market price compared with its premium and discount from its listing on 19 October 2005 to 25 June 2014. By late 2007 and early 2008, your Fund was trading at a substantial premium to its NAV. Anyone selling it then would have sold almost at the peak. Then, shortly after Lehman Brothers went bankrupt on 15th September 2008, a discount to its NAV occurred. Anyone who invested in icapital.biz Berhad when the discount occurred would have experienced a substantial price appreciation. In fact, no one would have lost money if they bought into the Fund whenever there was a discount to its NAV.

We would like to further explain the premium/discount feature with recent developments in Australia. After the 2008 US-led global financial crisis, Listed Investment Companies (LICs) were criticised for trading below their NAVs (closed-end funds are called LICs in Australia). In the Australian Stock Exchange, as market sentiment and investor confidence improved, this situation has now reversed with many of the LICs trading at premiums to their NAVs. For investors who smartly took advantage of the criticised discounts, they are now enjoying a double benefit.

Ensuring that share owners and the investing community correctly understand icapital.biz Berhad's objective and investing approach is vital. To recapitulate, icapital.biz Berhad's main objective is to allow share owners to benefit from long term capital appreciation, on a compounded basis, via value investing. It hopes to attract like minded investors that understand its goals, approach and premium/discount feature. Upon understanding these, investors would be able to take advantage of the discounts in order to maximise their long term returns.

**CHART 6 : PREMIUM/ DISCOUNT VS MARKET PRICE CUMULATIVE RETURN** (19/10/2005=100)



Does a premium or discount matter? To a value investor, it certainly does. It is up to investors to decide what sort of investment they are aiming at. To paraphrase Warren Buffett, if investors want one-night stands, “romantic” icapital.biz Berhad would be the wrong choice as a partner.

### EGM, AGM AND INVESTOR DAY

It has been some time since the Extraordinary General Meeting was held on 21 November 2009. In the said meeting, share owners voted to retain the investment policy of icapital.biz Berhad while the team at Capital Dynamics has been working very hard since then to come out with alternatives to changing the investment policy and yet meet the needs of share owners that were expressed in the 5th Annual General Meeting, held in August 2009.

This year, the 2014 Investor Day will be held on 11 and 12 October 2014 at the KL Convention Centre. We would encourage all share owners, their families and friends to attend Asia's most innovative investment event. More information on the 2014 Investor Day will be announced later.

Finally, I would like to express my sincerest thanks to YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya for his invaluable services. I wish him well in the many years to come.

**Tan Teng Boo**

**Designated Person**

**Capital Dynamics Asset Management Sdn Bhd**

**25 June 2014**

## A | Siapakah kami

icapital.biz Berhad (Dana anda) merupakan sebuah dana tertutup. Objektif utama pelaburannya adalah peningkatan nilai modal jangka panjang, manakala pendapatan dividen dan/atau pendapatan faedah dari hasil pelaburan ini merupakan pertimbangan sekunder. Dana anda melabur dalam syarikat-syarikat yang terkurang nilai yang disenaraikan di Pasaran Utama dan Pasaran ACE Bursa Malaysia Securities Berhad (Bursa Securities). Ia juga boleh melabur dalam deposit tunai dan sehingga 10% daripada nilai asetnya di dalam syarikat-syarikat yang tidak tersenarai. Peruntukan aset Dana anda adalah fungsi bagi falsafah pelaburan berasaskan nilai dan secara teorinya, boleh berkisar dari 0% ekuiti hingga 100% ekuiti.

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.

Dana anda tidak dibenarkan untuk meminjam kecuali mendapat kebenaran daripada pemilik saham.

## 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 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.icapitaleducation.biz](http://www.icapitaleducation.biz)

## D | Bagaimana menghubungi kami

Untuk maklumat lanjut mengenai Dana anda, sila layari [www.icapital.my](http://www.icapital.my)

Setiausaha syarikat boleh dihubungi di talian (603) 2264 8888, nombor faks (603) 2282 2733 atau e-mel [info@my.tricorglobal.com](mailto:info@my.tricorglobal.com)

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)

# Bagaimanakah Kami Lakukan?

## Tinjauan prestasi icapital.biz Berhad

### A | Surat kepada pemilik saham

Bagi tahun berakhir 31 Mei 2014, Dana anda telah merekodkan perolehan sebanyak RM43.682 juta, menurun sebanyak RM22.272 juta atau 34% berbanding 31 Mei 2013. Dana anda telah merekodkan keuntungan sebelum cukai sebanyak RM35.045 juta bagi tempoh berakhir 31 Mei 2014, berbanding keuntungan sebelum cukai sebanyak RM58.976 juta pada tahun kewangan yang lepas. Penurunan bagi keuntungan sebelum cukai adalah disebabkan oleh tahap keuntungan yang rendah daripada penjualan sekuriti dan pendapatan dividen. Dengan itu, berbanding keuntungan selepas cukai sebanyak RM56.813 juta pada tahun kewangan lepas, Dana anda telah merekodkan keuntungan selepas cukai sebanyak RM33.446 juta bagi tahun kewangan semasa.

Dalam menilai prestasi Dana anda, elemen utama yang perlu diberi fokus adalah nilai aset bersih (NAB) dan bukannya keuntungan bersih yang dihasilkan kerana objektif utama pelaburan Dana anda adalah peningkatan nilai modal jangka panjang. NAB Dana anda meningkat dari RM2.99 sesaham pada 31 Mei 2013 kepada RM3.05 sesaham pada 31 Mei 2014, keuntungan sebanyak 2%.

Sejak penyenaian Dana anda, NABnya telah mencatatkan prestasi yang sangat baik walaupun dalam keadaan pasaran yang bergelora di dalam dan di luar negara yang terdiri daripada panik Lehman, krisis kewangan di EU dan banyak lagi. Dana anda secara konsistennya juga telah mengatasi pasaran saham serantau yang terkemuka seperti Hong Kong, Australia dan Singapura. Ia merupakan satu saham tempatan dengan pulangan yang bertaraf dunia. Di sini, saya ingin mengucapkan tahniah kepada pemilik saham kerana telah membuat pilihan yang bijak dengan melabur dalam icapital.biz Berhad.

Yakinlah bahawa Lembaga Pengarah, bersama-sama dengan Pengurus Dana dan Penasihat Pelaburan anda, sentiasa mengutamakan kepentingan pemilik saham. Itu adalah salah satu sebab kenapa Lembaga Pengarah anda telah membuat keputusan untuk menggunakan kredit cukai yang akan tamat pada 31 Disember 2013 dengan mengagihkan dividen khas pada Oktober tahun lepas, walaupun pembayaran dividen RM10 juta itu boleh digunakan untuk melabur dan seterusnya

mengkompaunkan kadar pulangan Dana anda yang telah dinikmati selama ini.

Lembaga Pengarah, bersama-sama dengan Pengurus Dana dan Penasihat Pelaburan anda, akan terus menangani apa-apa isu daripada pemilik saham, seperti mengatasi masalah diskaun dimana Dana anda telah didagangkan lebih rendah berbanding NAB dana. Walau bagaimanapun, pemilik saham boleh mengambil kesempatan daripada diskaun ini kerana mandat jangka panjang dan penilaian yang menarik oleh Dana anda.

Dengan rekod prestasi Pengurus Dana anda yang telah terbukti dan nasihat pelaburan yang kukuh dari Penasihat Pelaburan anda, saya percaya bahawa Dana anda diselenggara dengan baik dan bersedia untuk mengambil kesempatan daripada peluang-peluang pelaburan yang mungkin timbul dan terus meningkat. Sekali lagi, tugas yang paling penting untuk ditangani adalah terus mengekalkan kualiti pelaburan dalam Dana, yang selama ini menjadi dasar Penasihat Pelaburan dan Pengurus Dana sejak hari Dana anda bermula.

Akhir sekali, saya ingin mengumumkan persaraan saya sebagai Pengerusi dan juga ahli Lembaga Pengarah anda di akhir Mesyuarat Agung Tahunan Kesepuluh selepas berkhidmat untuk Dana anda sejak penyenaraianya pada bulan Oktober 2005.

Saya ingin mengambil kesempatan ini untuk merakamkan penghargaan tulus ikhlas kepada Lembaga Pengarah, Pengurus Dana dan Penasihat Pelaburan anda, dan selebihnya kepada semua pembekal perkhidmatan kerana sumbangan mereka ke arah kejayaan Dana anda sejak penubuhannya.

Saya ingin merakamkan ucapan terima kasih saya kepada semua pemilik saham atas sokongan yang kuat dan amanah yang diberikan kepada Dana anda sejak 9 tahun yang lalu.

Sebagai Dana yang akan melangkah ke Mesyuarat Agung Tahunan ke-10, saya percaya bahawa Lembaga Pengarah, bersama-sama dengan Pengurus Dana dan Penasihat Pelaburan anda, akan menyaksikan bahawa Dana anda akan terus memberikan prestasi yang baik untuk tahun-tahun akan datang.

**YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya**  
**Pengerusi**  
**25 Jun 2014**

**B** | Apa yang telah kami lakukan dengan dana anda

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

**(i) Portfolio Pelaburan**

Carta 1, 2 dan 3 di bawah menunjukkan pembelian yang dibuat selepas 31 Mei 2013 dan portfolio semasa, disenaraikan mengikut nilai pasaran setiap saham dan kuantiti yang dipegang.

**(ii) Pelaburan yang telah dijual**

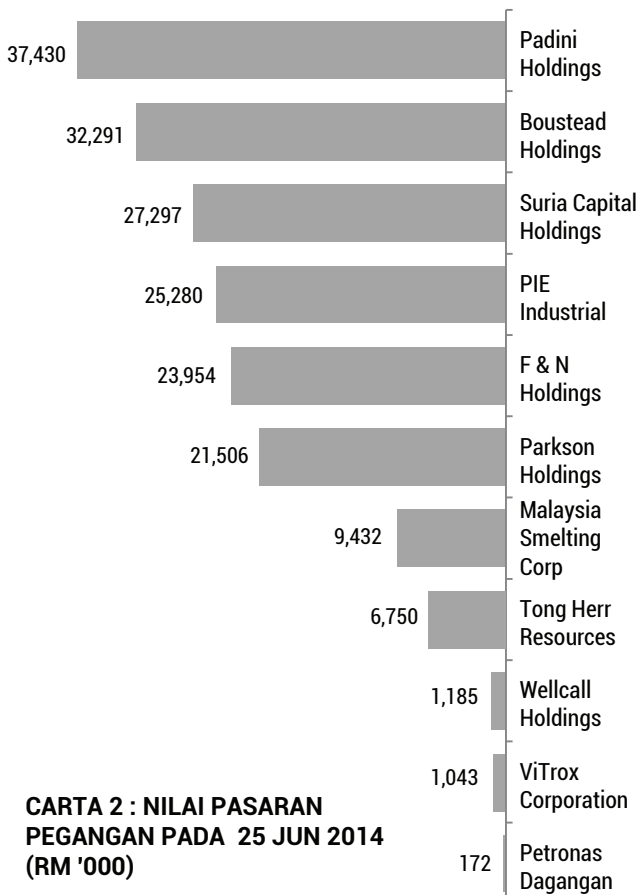
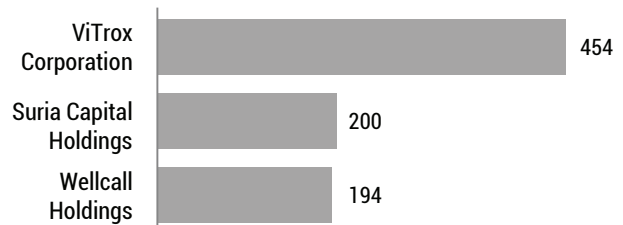
Bagi tahun kewangan berakhir 31 Mei 2014, Dana anda telah menjual 200,000 unit saham Fraser & Neave Holdings Berhad, 4,884,500 unit saham Integrax Berhad dan 892,900 unit saham Petronas Dagangan Berhad. Penjualan ini menghasilkan keuntungan yang direalisasikan sebanyak RM30.747 juta dengan kos pembelian sebanyak RM9.457 juta.

Pada 31 Mei 2014, Dana anda telah melabur sejumlah RM101.399 juta dengan nilai pasaran sebanyak RM185.731 juta, memberikan keuntungan yang belum direalisasi sebanyak RM84.332 juta. Di antara pelaburan Dana anda pada 31 Mei 2014, Padini Holdings Berhad, P.I.E Industrial Berhad dan Fraser & Neave Holdings Bhd mencatat keuntungan yang belum direalisasi terbesar.

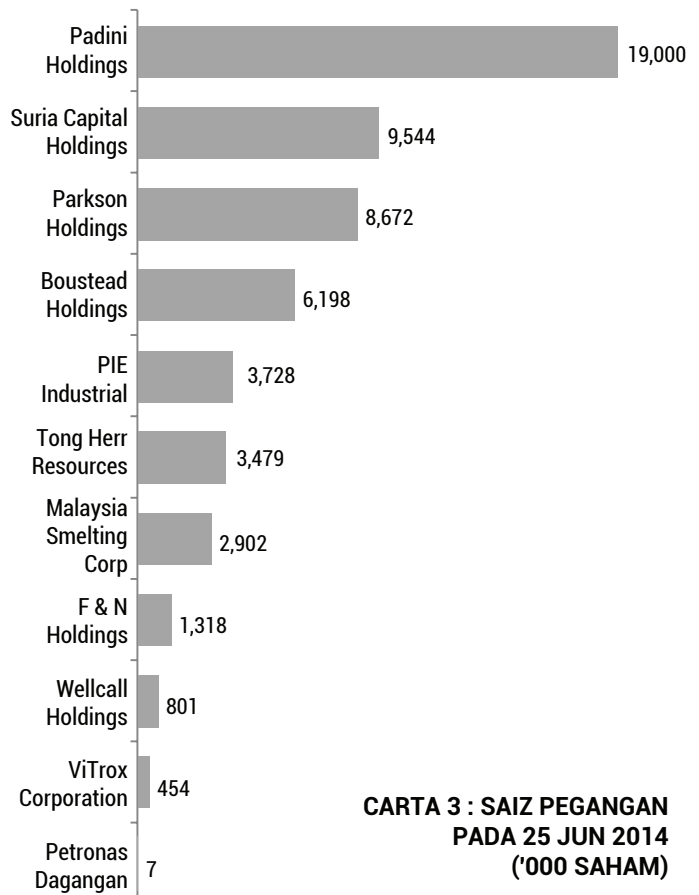
**(iii) Pelaburan yang telah dibuat**

Pada tahun berakhir 31 Mei 2014, Dana anda telah membuat satu pembelian baru iaitu ViTrox Corporation Berhad. Pada masa yang sama, Dana anda menambah pelaburannya di dalam Suria Capital Holdings Berhad dan Wellcall Holdings Berhad.

**CARTA 1 : PEMBELIAN SEJAK 31 MEI 2013 ('000 SAHAM)**



**CARTA 2 : NILAI PASARAN PEGANGAN PADA 25 JUN 2014 (RM '000)**

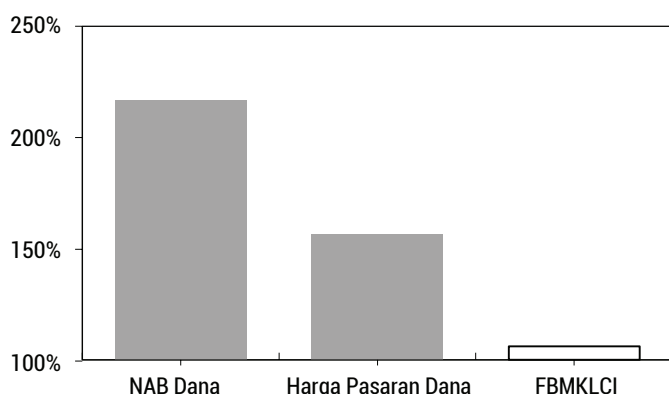


**CARTA 3 : SAIZ PEGANGAN PADA 25 JUN 2014 ('000 SAHAM)**

## BAGAIMANA KAMI LAKUKAN?

Tinjauan prestasi icapital.biz Berhad

**CARTA 4 : PULANGAN DARI 19 OKT 2005 HINGGA 25 JUN 2014**



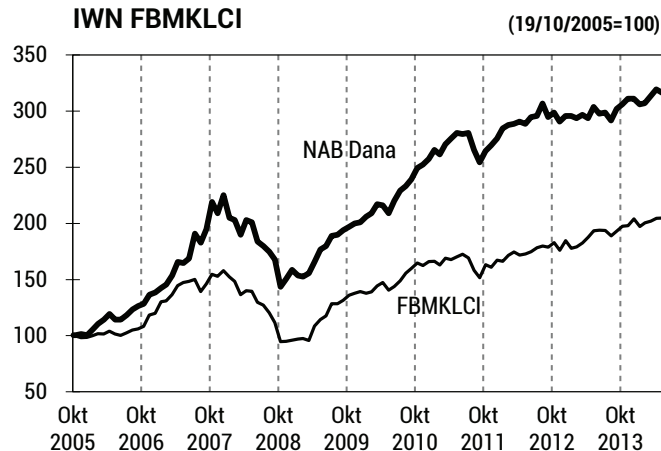
### (iv) Prestasi : NAB dan harga pasaran

Sejak disenaraikan pada 19 Oktober 2005, NAB sesaham Dana anda telah meningkat dari RM0.99 kepada RM3.05 pada 31 Mei 2014 – lihat **Carta 4**. Ini merupakan keuntungan sebanyak 208%. Sejak penyenaiaannya pada 19 Oktober 2005, harga pasaran Dana anda telah meningkat dari RM1.01 kepada RM2.52 pada 31 Mei 2014. Ini merupakan keuntungan sebanyak 149%. Dalam tempoh yang sama, FBMKLCI hanya meningkat sebanyak 105%.

**Carta 5** menunjukkan prestasi NAB Dana anda dibandingkan dengan FBMKLCI.

Dari 1 Jun 2013 hingga 31 Mei 2014, NAB sesaham Dana anda telah meningkat dari RM2.99 kepada RM3.05 atau keuntungan sebanyak 2%. Dari 1 Jun 2013 hingga 31

**CARTA 5 : NAB DANA IWN FBMKLCI**



Mei 2014, harga pasaran Dana anda telah meningkat dari RM2.40 kepada RM2.52 atau keuntungan sebanyak 5%. Dalam tempoh yang sama, FBMKLCI meningkat sebanyak 6%.

Prestasi icapital.biz Bhd, sejak penyenaiaannya pada bulan Oktober 2005, telah mengatasi pasaran saham Kuala Lumpur, sama ada dinilai dari segi NAB atau harga pasaran, seperti yang ditunjukkan dalam **Jadual 1 dan 2** di bawah.

Dana anda juga telah mengatasi prestasi pasaran serantau yang terkemuka, khususnya, Hong Kong, Sydney dan Singapura. Memiliki saham icapital.biz Bhd jauh lebih menguntungkan daripada melabur di Sydney, Hong Kong atau Singapura, walaupun dinyatakan dalam mata wang negara masing-masing.

**Jadual 1**

**Pulangan Terkumpul Dari 19 Oktober 2005 Hingga**

Tarikh Berakhir	NAB Dana	Harga Pasaran Dana	FBMKLCI	Tahap Tunai Dana
31-Dis-05	0.00%	8.00%	-1.57%	62.39%
31-Dis-06	38.38%	46.00%	19.92%	33.79%
31-Dis-07	125.25%	162.00%	58.07%	15.58%
31-Dis-08	58.59%	39.00%	-4.09%	32.97%
31-Dis-09	101.01%	74.00%	39.23%	10.51%
31-Dis-10	157.58%	109.00%	66.15%	29.87%
31-Dis-11	175.76%	105.00%	67.44%	34.92%
31-Dis-12	195.96%	137.00%	84.75%	34.34%
31-Dis-13	211.48%	147.37%	104.22%	50.73%
25-Jun-14	216.66%	156.65%	106.70%	56.17%



Jadual 2

Tarikh Berakhir	Pulangan Tahunan Dari 19 Oktober 2005 Hingga			
	NAB Dana	Harga Pasaran Dana	FBMKLCI	Tahap Tunai Dana
31-Dis-05	0.00%	46.93%	-7.62%	62.39%
31-Dis-06	31.09%	37.08%	16.34%	33.79%
31-Dis-07	44.65%	54.93%	23.14%	15.58%
31-Dis-08	15.49%	10.83%	-1.30%	32.97%
31-Dis-09	18.07%	14.09%	8.19%	10.51%
31-Dis-10	19.94%	15.22%	10.25%	29.87%
31-Dis-11	17.77%	12.27%	8.67%	34.92%
31-Dis-12	16.25%	12.72%	8.89%	34.34%
31-Dis-13	14.85%	11.67%	9.09%	50.73%
25-Jun-14	14.19%	11.46%	8.72%	56.17%

**(v) Pendapat kami****PEMILIKAN BERBANDING PEGANGAN**

icapital.biz Berhad, di samping merupakan satu-satunya dana tertutup disenaraikan di pasaran saham Malaysia, ia juga mempunyai satu lagi ciri yang unik. Pelabur dalam icapital.biz Berhad dipanggil pemilik saham, dan bukannya pemegang saham. Mengapa?

Ia bukan sahaja tentang semantik. Pegangan membayangkan milik sementara dan seketika. Sebaliknya, pemilikan membayangkan rasa kekal atau keabadian. Dalam menjelaskan perbezaan asas antara pegangan dan pemilikan, saya sering menggunakan contoh hartanah. Hartanah biasanya dilihat sebagai pelaburan jangka panjang dan pelabur sentiasa digambarkan sebagai pemilik hartanah dan tidak pernah digambarkan sebagai pemegang hartanah. Bunyinya pelik, bahkan tidak mungkin untuk memanggil pelabur sebagai pemegang hartanah.

Sebab yang sama juga digunakan kepada seseorang yang memiliki perniagaan. Beliau tidak dipanggil pemegang perniagaan. Ia kedengaran lucu. Sebaliknya, beliau dipanggil pemilik perniagaan. Seseorang akan bertanya, adakah anda memiliki perniagaan, seseorang itu tidak akan bertanya, adakah anda memegang perniagaan.

Situasi ironi ini juga digunakan bagi saham yang disenaraikan. Para pelabur dikenali sebagai pemegang saham dan bukannya pemilik saham. Saya telah berhujah di tempat lain bahawa para pelabur syarikat tersenarai harus dipanggil pemilik saham atau pemilik perniagaan. Fikirkanlah. Apakah yang perlu ada dalam pelaburan saham bagi syarikat tersenarai? Adakah orang yang tidak melabur

dalam perniagaan, bukan pemilik perniagaan? Orang itu boleh memiliki 100% atau hanya 0.01% - peratusan tidak mengubah intipati dan maksud pemilikan perniagaan. Sudah tentu, pelabur mempunyai hak, kebebasan untuk menjual bila-bila masa dia mahu. Ini bukan maksud yang saya ingin nyatakan keseluruhannya. Apa yang saya ingin sampaikan ialah bagaimana pelabur merasakan pelaburan yang dibuat memberikan satu perbezaan yang besar terhadap pulangan pelaburan dan kemampuan keuntungan kepada beliau. Pendek kata, bagaimana pelabur merasakan pelaburan beliau akan menentukan pulangan yang akhirnya diperolehi.

Kita semua tahu kejayaan Warren Buffett sebagai pelabur. Ramai di antara kita boleh memetik kata-kata dan nasihat beliau yang terkenal, dan ramai juga yang boleh bercakap tentang falsafah pelaburan berasaskan nilai dan tempoh pelaburan jangka panjang beliau. Bagaimanapun, sedihnya hanya segelintir yang menjadikannya sebagai amalan sebenar dengan apa yang mereka sangat kagumi mengenai Warren Buffett.

Majalah FORTUNE, salah satu daripada bacaan kegemaran saya, baru-baru ini memaparkan mengenai beliau dan saya akan menyetengahkan beberapa perkara penting daripada artikel menarik ini. Pada tahun 1986, beliau membeli sebuah ladang berhampiran Omaha berharga AS\$ 280,000. Beliau bukanlah seorang petani yang pakar dan tidak banyak pengetahuan tentang operasi ladang. Apa yang beliau tahu adalah beberapa fakta asas mengenai ekonomi jangka panjang pertanian seperti berapa gantang jagung dan kacang soya akan dihasilkan oleh ladang itu, berapa banyak perbelanjaan operasi, produktiviti yang akan meningkat dari masa ke masa dan harga tanaman akan bergerak lebih tinggi. Daripada anggaran ini, beliau membuat kesimpulan bahawa pulangan normal dari ladang adalah sekitar 10%. Beliau dapat membuat



## BAGAIMANA KAMI LAKUKAN?

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kesimpulan bahawa pelaburan itu tidak mempunyai kelemahan dan berpotensi mempunyai peningkatan yang ketara. Akan terdapat tanaman yang tidak baik, dan harga komoditi yang akan mengecewakan. Kini, 28 tahun kemudian, ladang itu telah memperolehi pendapatan tiga kali ganda dan bernilai lima kali atau lebih daripada apa yang telah dibayar.

Apakah yang Buffett beritahu kepada kita tentang pelaburan yang berjaya?

*“Apabila Charlie Munger dan saya membeli saham - yang kami fikirkan adalah sebahagian kecil perniagaan - analisis kami adalah hampir sama dengan apa yang kami gunakan untuk membeli keseluruhan perniagaan. Pertama, kami perlu memutuskan sama ada kami boleh mengganggu julat pendapatan selama lima tahun atau lebih. Jika jawapannya ya, kami akan membeli saham (atau perniagaan) itu jika ianya dijual pada harga yang berpatutan seiring dengan dasar sempadan anggaran kami,“ kata Buffett.*

Ini membawa kita dan icapital.biz Berhad untuk berkongsi pemilikan. Dari Oktober 2005, NAB telah meningkat pada kadar tahunan sebanyak 17.8% (sehingga 2011 dan sebelum tahap tunai terbentuk) dan 14.3% (sehingga Mei 2014). Dari Oktober 2005, harga sahamnya telah meningkat pada kadar tahunan sebanyak 12.3% (sehingga 2011) dan 11.7% (sehingga Mei 2014). Kadar pulangan adalah lebih tinggi daripada jangkaan Buffett yang mengandaikan 10% pulangan daripada pelaburan hartanahnya. Sama seperti Buffett yang membuat kesimpulan bahawa tidak ada kelemahan dalam pelaburan hartanahnya dan berpotensi mempunyai peningkatan yang besar, prinsip yang sama terpakai terhadap kekayaan tunai di dalam icapital.biz Berhad.

Buffett mendedahkan bahawa dengan pelaburan hartanahnya, beliau tidak peduli tentang semua penilaian harian mereka. Perbezaan utama antara melabur dalam hartanah dan melabur dalam saham adalah bahawa saham memberikan harga dari masa ke masa, manakala situasi ini tidak wujud bagi ladangnya. Nasihat seterusnya dari Buffett

adalah dengan merumuskan sikap, pemikiran dan disiplin yang betul diperlukan untuk berjaya dalam pelaburan:

*“Jika anda boleh menikmati hari Sabtu dan Ahad tanpa melihat harga saham, cubalah pada hari biasa.”*

Seperti dalam hartanah atau perniagaan, jadilah pemilik saham, dan bukan hanya pemegang sementara.

### PEGANGAN TUNAI

Pemilik saham sering membiarkan tingkah laku aneh rakan-rakan mereka menyebabkan mereka juga berkelakuan tidak rasional. Bagi mereka yang boleh bersabar selama beberapa dekad semasa mereka memiliki hartanah atau perniagaan selalunya akan menjadi gila dan fanatik apabila mereka terdedah kepada aliran harga saham dan para pengulas media yang memberitahu mereka “Jangan hanya duduk diam - lakukan sesuatu”. Bagi para pelabur ini, Buffett berkata tunai yang dihasilkan dari manfaat yang tidak berasas merupakan satu sumpahan.

Yang pasti, pengurus dana juga akan berkelakuan tidak rasional apabila membiarkan rakan-rakan mempengaruhi tingkah laku mereka. Di Capital Dynamics, kami begitu berhati-hati untuk memastikan bahawa kami tidak menjadi sebahagian daripada pengikut yang tidak berpengetahuan. Kami sentiasa sedar akan hakikat bahawa Seksyen 1.2 daripada IPO prospektus dana anda menyatakan bahawa objektif utama pelaburan icapital.biz Berhad adalah peningkatan nilai modal jangka panjang bagi pelaburannya dan menyatakan bahawa:

*“Apabila pasaran berada dalam keadaan terkurang-nilai dan terdapat banyak peluang pelaburan disebabkan syarikat-syarikat didagangkan dibawah nilainya, icapital.biz mungkin melabur sebanyak 95% daripada jumlah asetnya dalam ekuiti dan bakinya pula dalam bentuk asset tunai dan/atau hampir-tunai. ... jika pasaran berkeadaan terlebih-nilai dan terdapat peluang pelaburan yang terhad, icapital.biz akan mengurangkan tumpuan terhadap ekuiti dan peruntukan asetnya ke atas ekuiti ini boleh menjadi serendah 10% - 20% “.*

Semasa menulis ulasan ini, Dana anda mempunyai kira-kira RM240 juta tunai dan hampir tunai, berbanding RM209 juta pada tahun lalu. Berdasarkan kepada pegangan tunainya, beberapa pemerhati telah melakukan kesilapan dan membuat kesimpulan bahawa pengurus dana anda tidak melakukan apa-apa tetapi masih mendapat bayaran. Bagi orang-orang ini, memegang tunai adalah sama seperti tidak bekerja. Sebaliknya, perkara yang paling sukar dalam pelaburan adalah tidak melakukan apa-apa. Untuk menjadi pelabur berasaskan nilai, tanpa melakukan apa-apa dan hanya duduk berdiam diri sementara yang lain sibuk melabur, ia memerlukan disiplin dan karakter. Jika pertumbuhan dalam pegangan tunai adalah kerana pelaburan yang berdisiplin dan bukannya kerana pengurus dana tidak melakukan kerja atau tidak cekap, ini bermakna bahawa pengumpulan tunai adalah bernilai.

Penyelidikan dan analisis pelaburan dan membuat keputusan pelaburan masih berterusan, dan tidak pernah berakhir. Sama ada tunai dilaburkan sepenuhnya atau tidak, fungsi-fungsi ini masih perlu dilakukan bersungguh-sungguh. Memegang tunai melibatkan proses membuat keputusan pelaburan yang sama seperti memegang saham. Ia melibatkan jumlah kerja yang sama, tumpuan dan disiplin sama seperti memegang saham. Menyamakan memegang tunai seperti tidak bekerja menunjukkan suatu kejahilan tentang kepentingan pelaburan berasaskan nilai.

Berdasarkan metrik penilaian yang banyak, Bursa Malaysia tidaklah murah. Mencari saham yang berharga menarik menjadi semakin sukar. Sebagai contoh, walaupun harga minyak sawit mentah telah jatuh sebanyak 40-50% sejak 2011, indeks perladangan telah mencatat paras tertinggi yang baru manakala harga saham yang sama disenaraikan di Singapura atau London telah menurun, seiring dengan harga minyak sawit mentah. Jadi, perlukah pengurus dana anda berdisiplin dan berpegang kepada falsafah pelaburan yang dinyatakan atau dia lari dari falsafah pelaburan yang dinyatakan? Dana anda hanya boleh digunakan jika ia mempunyai tunai yang mencukupi untuk melabur dalam saham berharga menarik, seperti yang dapat dilihat pada tahun 2008-2009 apabila paras tunai icapital.biz Berhad telah berkurangan dengan ketara. Apabila terdapat

pelaburan yang menghasilkan margin yang selamat, tunai akan digunakan. Tahap tunai akan turun apabila masa yang sesuai untuknya turun.

**ILUSTRASI**

Apakah potensi yang pegangan tunai boleh lakukan untuk Dana anda? Sekiranya kejatuhan IKKL sebanyak 20%, NAB bagi icapital.biz Berhad akan turun hanya 9%, disebabkan 55% pegangan tunai semasanya. Jika IKKL menjunam 50%, NAB dana akan hanya jatuh 22.7%. Ini adalah perlindungan daripada pegangan tunai.

Bagi tujuan menggambarkan apa yang pegangan tunai boleh lakukan ketika pasaran saham jatuh, **Jadual 3** di bawah menunjukkan beberapa kemungkinan.

Walaupun pegangan tunai melindungi NAB, bagaimana dengan potensi pulangannya? **Jadual 4** di bawah menunjukkan satu senario di mana kita menganggap bahawa IKKL dan portfolio ekuiti menjunam sebanyak 50%. Sekali lagi contoh ini adalah untuk tujuan ilustrasi semata-mata dan bukannya ramalan atau unjuran pulangan pada masa hadapan. Oleh kerana pegangan tunai, NAB hanya jatuh 22.7%. Mengandaikan bahawa harga pasaran masih diperdagangkan pada harga diskaun 20%, harga pasaran akan jatuh kepada RM61.84. Dalam keadaan sedemikian, aset tunai akan digunakan. Dengan andaian pulangan kompaun tahunan sebanyak 15%, NAB pada tahun ke-6 akan menjadi 55% lebih tinggi berbanding pada tahun 0 dan harganya juga akan menjadi 55% lebih tinggi (masih menganggap diskaun 20%). Sebaliknya, IKKL di tahun ke-6 menjadi 16% lebih rendah berbanding pada tahun 0 (menganggap pulangan tahunan jangka panjang yang lalu sebanyak 11% bagi IKKL). Menjelang tahun ke-6, walaupun dengan diskaun 20% ke atas NAB, pelabur akan menjadi hampir 1.5 kali lebih kaya daripada pelabur yang membeli saham komponen IKKL.

**ADAKAH PREMIUM ATAU DISKAUN MENJADI PERSOALAN?**

Seksyen 1.11 IPO prospektus Dana anda menyatakan:

**Jadual 3**

NAB ICAP	IKKL
-9.08%	-20%
-13.62%	-30%
-18.16%	-40%
-22.70%	-50%

**Jadual 4**

Tahun	NAB ICAP	Harga Saham ICAP	IKKL
0	100.00	80.00	100.00
1	77.30	61.84	50.00
2	88.90	71.12	55.50
3	102.23	81.78	61.61
4	117.56	94.05	68.38
5	135.20	108.16	75.90
6	155.48	124.38	84.25

## BAGAIMANA KAMI LAKUKAN?

Tinjauan prestasi icapital.biz Berhad

*“icapital.biz adalah sesuai untuk para pelabur canggih (sophisticated) yang memahami dan berupaya memanfaatkan premium dan diskaun CEF [dana tertutup], tertarik kepada prospek gandaan modal dan inginkan portfolio yang diurus secara profesional. Para pelabur icapital.biz berkemungkinan besar berhasrat untuk menikmati pertumbuhan modal jangka panjang bagi pelaburan mereka pada tahap risiko yang boleh diterima.”*

Walaupun syarikat-syarikat tersenarai “biasa” juga berdagang pada premium atau diskaun ke atas NAB mereka, entah dimana silangnya dana tertutup dilihat mempunyai monopoli ke atas ciri ini. Adakah perkara ini penting? Sama seperti akan adanya tanaman yang buruk, dan harga komoditi yang rendah, begitu juga diskaun ke atas NAB akan berlaku di icapital.biz Berhad, sama juga seperti premium akan berlaku. Sebagai pelabur berasaskan nilai, peluang ini harus digunakan untuk pelaburan jangka panjang. Ini diterangkan dalam **Carta 6** di bawah.

**Carta 6** menunjukkan harga pasaran Dana anda berbanding dengan premium dan diskaun dari penyenaaraiannya pada 19 Oktober 2005 hingga 25 Jun 2014. Akhir tahun 2007 dan awal tahun 2008, Dana anda telah diniagakan pada premium yang besar ke atas NAB dana. Sesiapa yang menjualnya akan mendapat jualan dengan harga tertinggi. Kemudian, tidak lama selepas Lehman Brothers muflis pada 15 September 2008, diskaun ke atas NAB berlaku. Sesiapa yang melabur dalam icapital.biz Berhad apabila diskaun berlaku akan mengalami kenaikan harga yang besar. Malah, tidak ada yang akan rugi jika mereka membeli semula Dana apabila terdapat diskaun ke atas NAB.

Kami ingin menjelaskan lagi ciri premium/diskaun dengan perkembangan terkini di Australia. Selepas krisis kewangan global 2008 yang diketuai oleh AS, Syarikat Pelaburan Tersenarai (LICs) telah dikritik kerana berdagang di bawah NAB mereka (dana-dana tertutup dipanggil LICs di Australia). Di Bursa Saham Australia, oleh kerana sentimen pasaran dan keyakinan pelabur bertambah baik, keadaan ini telah bertukar dengan banyak LICs didagangkan pada premium ke atas NAB mereka. Bagi pelabur yang bijak mengambil peluang daripada diskaun yang dikritik, mereka kini menikmati faedah berganda.

Memastikan bahawa pemilik saham dan masyarakat pelabur memahami objektif dan pendekatan pelaburan icapital.biz Berhad dengan betul adalah amat penting. Secara ringkasnya, objektif utama icapital.biz Berhad adalah untuk membolehkan pemilik saham mendapat faedah daripada peningkatan nilai

**CARTA 6 : PREMIUM / DISKAUN LWN PULANGAN TERKUMPUL HARGA PASARAN DANA** (19/10/2005=100)



modal jangka panjang, secara dikompaun, melalui pelaburan berasaskan nilai. Ia berharap dapat menarik para pelabur yang memahami matlamat, pendekatan dan ciri premium/diskaun. Apabila mereka memahaminya, pelabur akan dapat mengambil kesempatan ke atas diskaun untuk memaksimumkan pulangan jangka panjang.

Adakah premium atau diskaun penting? Untuk pelabur berasaskan nilai, ia sudah tentu tidak. Terpulang kepada pelabur untuk menentukan jenis pelaburan yang mereka sasarkan. Untuk parafrasa Warren Buffett, jika pelabur mahukan hubungan semalaman, “romantis”, icapital.biz Berhad adalah pilihan yang salah sebagai rakan kongsi.

### EGM, AGM DAN HARI PELABUR

Sudah beberapa lama sejak Mesyuarat Agung Luar Biasa diadakan pada 21 November 2009. Dalam mesyuarat tersebut, pemilik saham mengundi untuk mengekalkan polisi pelaburan icapital.biz Berhad manakala pasukan Capital Dynamics telah bekerja keras sejak itu untuk muncul dengan pelbagai alternatif bagi mengubah dasar pelaburan dan belum memenuhi keperluan pemilik saham yang dinyatakan dalam Mesyuarat Agung Tahunan yang ke-5, yang diadakan pada Ogos 2009.

Pada tahun ini, Hari Pelabur 2014 akan diadakan pada 11 dan 12 Oktober 2014 di Pusat Konvensyen Kuala Lumpur. Kami menggalakkan semua pemilik saham, keluarga dan rakan-rakan mereka untuk menghadiri acara pelaburan yang paling inovatif di Asia. Maklumat lanjut mengenai Hari Pelabur 2014 akan diumumkan kemudian.

Akhir kata, saya ingin mengucapkan setulus terima kasih kepada YM Tunku Tan Sri Dato’ Seri Ahmad Bin Tunku Yahaya atas perkhidmatan beliau pada masa lalu yang tidak ternilai. Semoga beliau dicurahkan rezeki yang baik untuk tahun-tahun yang akan datang.

**Tan Teng Boo**  
**Pegawai Lantikan Khas**  
**Capital Dynamics Asset Management Sdn Bhd**  
**25 Jun 2014**

## A | 关于我们

资本投资有限公司(您的基金)是一家封闭式基金。其主要投资目标乃是为其投资取得长期的资本增值,而来自投资的股息及/或利息则是次要的考虑因素。

您的基金投资于大马证券交易所主板及创业板内被低估的公司。

它也可以将其现金存款及不超过10%的资产价值投资于非上市公司。您的基金的资产配置乃是基于价值投资的理念。从理论上说,范围可以是0%至100%的股权。

您的基金拥有RM1亿4千万的缴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,您能够通过拥有执照的股票经纪行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,而这个目标甚至是早在它于2005年10月19日上市前就已被设定了。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市价以及其潜在价值而定。

除非获得股东们的同意,否则,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合回酬的威力为您效劳。若能成功地达到这目标,我们将证明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年的公司法令而成立,并由董事局所代表。董事们皆属非执行董事,并且扮演监管的角色以确保您的基金在任何时候都有条理地在运作。

您的基金并没有任何职员。其运作皆外包予独立的专业公司。主要的专业公司是基金管理公司、投资顾问公司、托管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。资产则被托管公司所掌管,而会计与行政服务则外包予行政服务公司。

您的基金也雇用了秘书、注册服务公司、审核公司以及税务公司的服务。内部审核也被外包。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.icapitaleducation.biz](http://www.icapitaleducation.biz)

## D | 如何联络我们

欲知有关您的基金的更多详情,请游览 [www.icapital.my](http://www.icapital.my)

您可以通过(603) 2264 8888 或(603) 2282 2733 (传真号码) 抑或电邮至 [info@my.tricorglobal.com](mailto:info@my.tricorglobal.com)以联络公司秘书。

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

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



# 我们的 业绩表现？

回顾资本投资有限公司的表现

## A | 给股东们的信

截至于2014年5月31日为止，您的基金报上了RM4千368万2千的营业额。相较于2013年5月31日，其下滑了34%或RM2千227万2千。相较于上个财政年度RM5千897万6千的税前盈利，您的基金在截至于2014年5月31日报上了RM3千504万5千的税前盈利。这税前盈利的下跌是鉴于较低来自出售证券的盈利以及较低的股息收入。因此，相较于上个财政年度RM5千681万3千的净盈利，您的基金在本财政年度报上了RM3千344万6千的净盈利。

在评估您的基金业绩时，资产净值是需要关注的主要变量而非所获得的净盈利，因为您的基金的投资目标为长期资本增值。于2014年5月31日，您的基金的资产净值从2013年5月31日的每股RM2.99增长2%至RM3.05。

自您的基金上市以来，虽然历经国内外动荡的市场环境（从雷曼恐慌、欧盟金融危机及其它不等），其资产净值仍一直表现出色。您的基金持续跑赢区域及较具规模的香港、澳洲及新加坡股市。其确实是一个提供世界级回报的本地股票。因此，我为我们的股票拥有者所作出的明智选择（即投资于资本投资有限公司）送上祝贺。

请放心，您的董事局、基金经理以及投资顾问皆时时刻刻把我们的股票拥有者的权益放在首位。这也是您的董事局于去年10月份决定分派特别股息的原因之一，以充分利用本应于2013年12月31日前期满的税收抵免。即说，这达RM1千万的派息大可被用于进一步投资，并按您的基金一直享有的复利率增长。

您的董事局、基金经理以及投资顾问将继续应对纷扰股票拥有者的任何问题。举例，您的基金目前正以市价的折价交易着。然而，股票拥有者可利用该折价的优势，因为您的基金的长期性质及诱人估值。

鉴于您的基金经理的良好记录以及您的投资顾问健全的投资建议，我相信您的基金在任何投资机会出现时会是准备就绪，从而持续其涨势。再者，现时最为重要的任务是继续保持基金内的投资品质，而这也是投资顾问及基金经理自您的基金成立以来的政策。

最后，我欲宣布我将在来临的第十届股东常年大会结束之际卸任我自您的基金于2005年10月份上市以来所出任的主席及董事局成员一职。

我谨借此机会衷心感谢您的董事局、基金经理、投资顾问以及其它的服务提供者自您的基金成立以来一直将其推上成功之路的努力。

我谨向全部的股票拥有者在过去九年对您的基金的鼎力支持与信任献上我最深切的感激。

随着您的基金迈向第十届股东常年大会，我相信您的董事局、基金经理以及投资顾问将持续让你的基金在今后多年继续表现良好的。

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

董事局主席

2014年6月25日

## B | 我们如何善用您的基金

“当您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2013年5月31日起所作的收购和投资组合目前所持有的股项数量以及各自的市值。

### (ii) 售出的股项投资

截至于2014年5月31日为止的财政年度，您的基金售出了花莎尼控股有限公司的20万支股、英特格斯有限公司的488万4千500支股及国油贸易有限公司的89万2千900支股。这些脱售带来了RM3千零74万7千的收

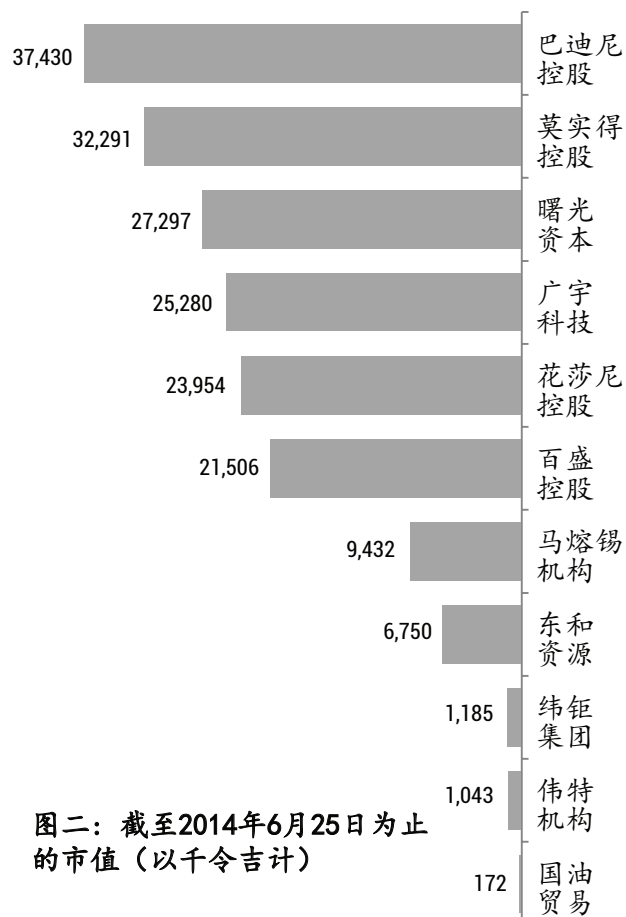
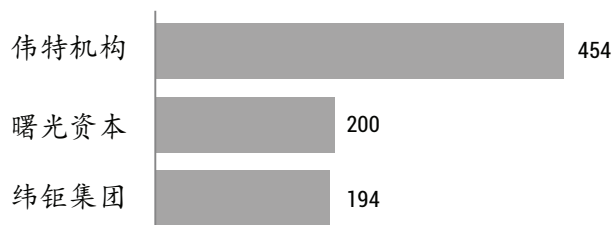
益，而投资成本则为RM945万7千。

截至于2014年5月31日为止，您的基金作出价值RM1亿零139万9千的投资，而市值则为RM1亿8千573万1千。这带来了RM8千433万2千的未套现收益。截至于2014年5月31日为止的基金投资，巴迪尼控股有限公司、广宇科技有限公司及花莎尼控股有限公司拥有庞大的未套现收益。

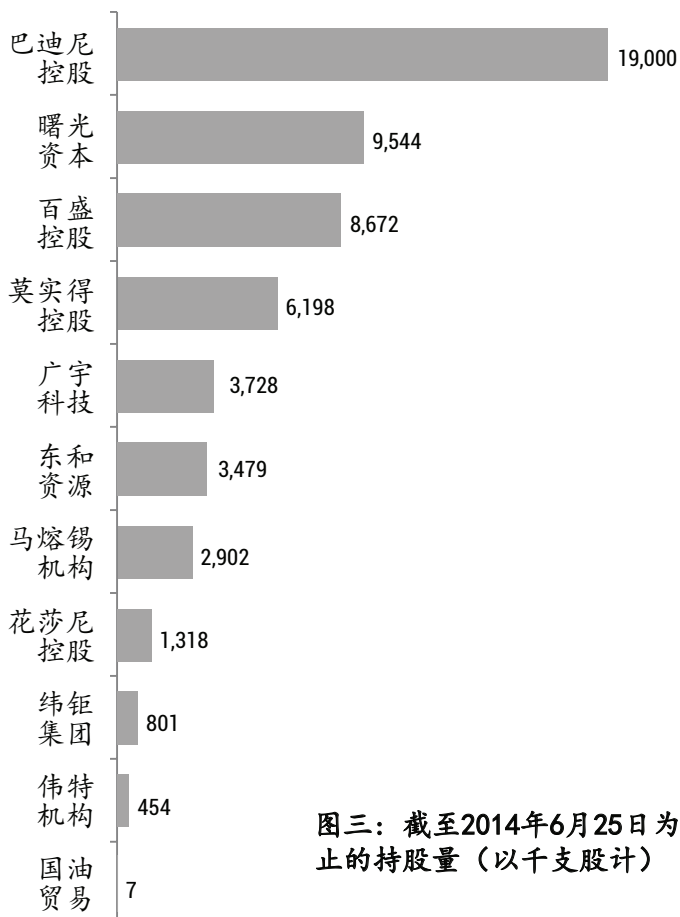
### (iii) 所作出的投资

截至于2014年5月31日为止的财政年度，您

图一：自2013年5月31日起所作的收购 (以千支股计)



图二：截至2014年6月25日为止的市值 (以千令吉计)



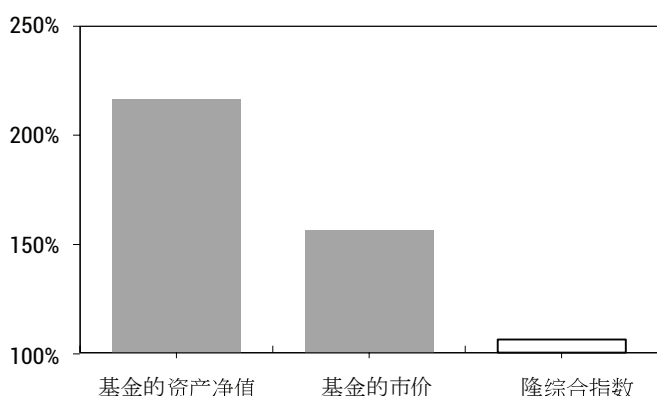
图三：截至2014年6月25日为止的持股量 (以千支股计)



## 我们的业绩表现？

回顾资本投资有限公司的表现

图四：从2005年10月19日至2014年6月25日的回酬



图五：基金的资产净值对隆综合指数



的基金已作出新的收购。该新投资为伟特机构有限公司。同时，您的基金也对曙光资本控股有限公司及纬钜集团有限公司作出额外的收购。

### (iv) 资产净值与市价

自2005年10月19日上市以来至2014年5月31日为止，您的基金的每股资产净值已从RM0.99上涨至RM3.05—参阅图四。这代表着208%的增长。另外，自2005年10月19日上市以来至2014年5月31日为止，您的基金的市价已从RM1.01上扬至RM2.52。这代表着149%的收益。同期的隆综合指数仅报上了105%的增长。

图五显示您的基金与隆综合指数的表现比较。

从2013年6月1日至2014年5月31日，您的基金的每股资产净值已从RM2.99上扬至RM3.05。这代表着2%的收益。您的基金的市价从2013年6月1日的RM2.40上升至2014年5月31日的RM2.52，或相等于5%的上涨。同期的隆综合指数则上扬了6%。

无论是以资产净值或市价而言，资本投资有限公司自其于2005年10月份上市以来的表现无可否认皆已超越了隆股市—参阅表一及表二。

您的基金也超越了其它主要区域市场的表现，特别是香港、悉尼及新加坡的股市。简而言之，长期持有资本投资有限公司的股票所带来的回酬已远远超越投资于悉尼、香港或新加坡的，即使按她们各自的汇率计算。

表一 截至	从2005年10月19日开始的复合回酬				基金的现金水平
	基金的资产净值	基金的市价	隆综合指数		
2005年12月31日	0.00%	8.00%	-1.57%	62.39%	
2006年12月31日	38.38%	46.00%	19.92%	33.79%	
2007年12月31日	125.25%	162.00%	58.07%	15.58%	
2008年12月31日	58.59%	39.00%	-4.09%	32.97%	
2009年12月31日	101.01%	74.00%	39.23%	10.51%	
2010年12月31日	157.58%	109.00%	66.15%	29.87%	
2011年12月31日	175.76%	105.00%	67.44%	34.92%	
2012年12月31日	195.96%	137.00%	84.75%	34.34%	
2013年12月31日	211.48%	147.37%	104.22%	50.73%	
2014年6月25日	216.66%	156.65%	106.70%	56.17%	

表二

截至	从2005年10月19日开始的年均回酬			基金的现金水平
	基金的资产净值	基金的市价	隆综合指数	
2005年12月31日	0.00%	46.93%	-7.62%	62.39%
2006年12月31日	31.09%	37.08%	16.34%	33.79%
2007年12月31日	44.65%	54.93%	23.14%	15.58%
2008年12月31日	15.49%	10.83%	-1.30%	32.97%
2009年12月31日	18.07%	14.09%	8.19%	10.51%
2010年12月31日	19.94%	15.22%	10.25%	29.87%
2011年12月31日	17.77%	12.27%	8.67%	34.92%
2012年12月31日	16.25%	12.72%	8.89%	34.34%
2013年12月31日	14.85%	11.67%	9.09%	50.73%
2014年6月25日	14.19%	11.46%	8.72%	56.17%

(v) 我们的见解

拥有与持有

资本投资有限公司除了是大马股市中唯一一个上市的封闭式基金，其也具备另一个独到之处。资本投资有限公司的投资者被称之为“股票拥有者”而非“股票持有者”。为什么？

这不仅仅是个语义。持有意味着一过性及短暂的拥有。反之，拥有意味着恒久或永久性。在解释持有与拥有的根本区别时，我常用房地产作为例子。房地产常被视作长期投资，而投资者常被形容为房地产拥有者，但却从未被称为房地产持有者。这听起来很怪，但称投资者为房地产持有者确实不恰当。

把这道理用在生意人上也是一样。他或她不会被称为生意持有者，但生意拥有者。前者听来很滑稽。你会问，“你拥有这份生意吗？”你不会问，“你持有这份生意吗？”

然而，相反的情况却颇具讽刺性地被套用在上市股票上。投资者被称为“股票持有者”而非“股票拥有者”。仔细思考，投资于一家上市公司到底意味些什么？这人不在投资一门生意上吗？这人不是此门生意的拥有者之一吗？这人可能拥有100%或微乎其微的

0.01%的股权，但这百分比并不会改变生意所有权的实质含义。当然，投资者拥有决定何时卖出的自由。这不是我的重点。我想说的是，投资者如何看待他或她的投资将对他的或她的投资回报以及收益的持久性有着重大的影响。简而言之，投资者如何看待他或她的投资将决定他们的最终回报。

我们都知道沃伦巴菲特成功投资的事迹，而我们当中的许多人也能对他的名言及建议信手拈来，或甚高谈阔论他的价值投资理念及长期投资的视角。但很遗憾的是，真正可以把崇拜沃伦巴菲特的理由应用到实际操作上的人却少之又少。

最近，我最喜欢的读物之一《财富》杂志精选了巴菲特，而我欲摘出这篇有趣文章中的几个要点。于1986年，巴菲特以28万美元收购了一家靠近奥马哈的农场。他并非行家，对于如何经营一家农场一无所知。他仅知道几个有关农业长期经济的事实，如一家农场能产出多少蒲式耳的大豆及玉米、营运成本一般是多少、生产率会随时间改进以及庄稼的价格会上涨。按这些估计，他得出这家农场的标准化回报率将为10%左右。另外，他也总结出这项投资无下行风险并具颇大的上行潜能。当然，也会有欠收及大宗商品的价格不如人意的时候。然而，在28年后的今天，这家农场的盈利已翻了三倍，而它

## 我们的业绩表现？

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的市值也高于巴菲特之前所支付的五倍或更多。

在成功投资上，巴菲特告诉我们些什么呢？

“当查理芒格和我购买股票时，我们会把它当成是生意的一小部分，我们的分析与买下整个生意时所思考的内容非常相似。我们首先会判断我们能否容易地估计出资产未来五年或更久的盈利范围。若答案是肯定的，并且处于与我们估算底线相对应的合理价格内，我们就会购买这股票（或生意）”，

巴菲特道。

回头看看股票所有权及资本投资有限公司。自2005年10月份起，其资产净值在截至2011年及在其现金水平建立前增长了17.8%，并且在截至2014年5月份上涨了14.3%。自2005年10月份起，其股票价格在截至2011年的期间的年增长率为12.3%，而在截至2014年5月份期间的年增长率则为11.7%。这些回报率比巴菲特对他的房地产投资的预计回报率（即10%）高。就像巴菲特总结说他的房地产投资无下行风险并具颇大的上行潜能，目前现金充裕的资本投资有限公司也适用此番理论。

巴菲特披露他对他的房地产投资的日常估值毫不关心。投资房地产与投资股票的重要区别之一是股票每分钟都可被定价，而此机制对他的农场而言并不存在。巴菲特的下一个建议总结了正确的心态及纪律为成功投资的至关重要因素：

“若你能安享周末而不看股价一眼，那不妨在周日也尝试一下吧。”

如对房地产或生意般，作一位股票拥有者，而非暂态的持有者。

## 现金持有

股票拥有者常常因其他拥有者反复无常的行为而丧失理智。那些在投资产业或生意方面原本能够耐心等上好几十年的人往往在接触到各种股价走势和媒体评论员告知他们“别无动于衷，采取点行动”时而变得疯狂。对于这些投资者，巴菲特曾说过从不合理的利益转变而来的流动性是一个诅咒。

可以肯定的是，基金经理往往也受其他基金经理的羊群效应的影响而丧失理智，并犯相同的错误。在资威，我们格外小心以确保我们不会成为旅鼠之一。它时时刻刻铭记您的基金在招股说明书中（第1.2部分）所提及的，即资本投资有限公司的主要投资目标是为其的投资资本进行长期增值。因此：

“当市场价值被低估并拥有很多投资机会时，即当多家公司的股价低于它们的估值时，资本投资有限公司可能将其高达95%的资产用于股票投资，剩余的则为现金及/或准现金资产... 如果市场被高估并拥有极少的投资机会时，资本投资有限公司的资产分配将减少对于股票的偏倚，而这分配可低至10%至20%。”

编写这篇评论时，您的基金的现金和准现金金额为RM2亿4千万，对比一年前的RM2亿零900万。鉴于其现金持有量，一些观察者误以为基金经理在没有对此采取任何行动之下仍取得报酬。对于这些人而言，持有现金等同于什么都不做。与此相反的是在进行投资时，要什么都不做才是最艰难的。一名价值投资者需要拥有纪律和耐心，就算手持所有现金，就算其他人都忙于投资，但仍能够做到按兵不动。如果现金持有量的增长是基于基



金经理所行使的投资纪律，而不是因为他没有好好地工作，甚至不称职，这将意味着这样的现金积累是带有价值的。

投资研究和分析及进行投资决策是一项持续进行、永无止境的活动。无论现金被全额投资与否，这些功能仍然必须认真地被执行。持有现金所涉及的投资决策过程如同持有股票。它所涉及的工作量、集中及纪律与持有股票相同。因此，说持有现金意味着什么都不做是对价值投资的真正意义非常严重的无知指控。

根据各种估值指标，大马股市并不便宜。寻找价格极具吸引力的股票之路将变得日剧困难。举例，虽然棕榈原油的价格自2011年已暴跌40%至50%，但种植指数却屡创新高。另一方面，在新加坡或伦敦上市的同类股票的价格已随着棕榈原油的价格而有所下跌了。因此，您的基金经理应该持有足够的纪律以坚持既定的投资理念，或应该偏离该既定的投资理念呢？您的基金仅能在拥有足够的现金以投资于价格极具吸引力的股票的情况下增长，正如在2008年至2009年期间见证了资本投资有限公司的现金水平大幅减少。当有投资产生充足的安全边际时，该现金将被运用。当现金水平应该下跌的时刻来临，它将会下跌。

### 一个案例

所持有的现金能为您的基金做些什么？若隆

综合指数下滑20%，资本投资有限公司的资产净值将只下滑9%，鉴于其现有的55%现金持有量。若隆综合指数暴跌50%，其资产净值也只将下滑22.7%。这是其现金持有量所给予的保障。

为了说明所持有的现金在股市下滑时的功能，表三显示了几种可能性。

在所持的现金量维护资产净值的同时，其潜在的回报又为如何？表四显示一个我们假设隆综合指数以及持有的股项同时暴跌50%的案例分析。再次，这例子仅用于说明之途，并不足以用来推断或预测未来的收益。鉴于其所持的现金量，资产净值只下降了22.7%左右。假设其股价仍然以20%的折价交易着，股价将下跌至RM61.84。在这种情况下，现金资产将会被调用。假设一个高达15%的年度复合回酬率，资产净值在第六年将比原先高出55%，而其股价也将高出55%（仍假设其拥有20%的折价）。反之，隆综合指数将在第六年比原先低16%（假设隆综合指数的以往年度回酬率为11%）。在第六年，即使按低于其资产净值20%的折价计算，一位投资者将比另外一位投资于隆综合指数的股票的投资者来得更富裕1.5倍。

### 溢价或折价重要吗？

您的基金招股说明书中的第1.11部分说明：

“资本投资有限公司适合能够理解

表三

资本投资的资产净值	隆综合指数
-9.08%	-20%
-13.62%	-30%
-18.16%	-40%
-22.70%	-50%

表四

年份	资本投资的资产净值	资本投资的股价	隆综合指数
0	100.00	80.00	100.00
1	77.30	61.84	50.00
2	88.90	71.12	55.50
3	102.23	81.78	61.61
4	117.56	94.05	68.38
5	135.20	108.16	75.90
6	155.48	124.38	84.25

## 我们的业绩表现？

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并充分利用封闭式基金的溢价和折价优势、对资本收益前景感兴趣以及希望拥有专业管理的投资组合的成熟投资者。资本投资有限公司的投资者都有可能在可接受的风险水平下为他们的投资寻求长期资本增长。”

虽然“正常”的上市公司亦以对它们的资产净值的溢价或折价交易，但不知何故封闭式基金被误认为此特性的垄断者。此特性重要吗？就如同可能有收成不好以及商品价格差强人意的時候，对资本投资有限公司资产净值的折价可能发生，而溢价亦同样可能发生。作为一名价值投资者，这样的机会应该用于长期投资。图六是极具启发性的。

图六显示您的基金市价自2005年10月19日上市以来至2014年6月25日期间与其溢价和折价的对比。截至2007年杪和2008年初，您的基金以对其净资产值的大幅溢价交易着。在当时卖出的人几乎都将在顶点处卖出。接着，在雷曼兄弟于2008年9月15日宣布破产的不久后，对其净资产值的折价出现了。任何人在折价出现时投资于资本投资有限公司将获得大幅度的价格升值。事实上，倘若他们每当对资产净值的折价出现时买进该基金，没有人会亏钱。

让我们利用最近在澳洲的发展来为您进一步讲解溢价/折价功能。在2008年由美国主导的金融危机爆发后，上市投资公司因以低于它们的资产净值交易而备受批评，而封闭式基金在澳洲被称为上市投资公司。然而，在澳洲证券交易所，随着市场情绪及投资者信心逐渐改善，这种情况已逆转，很多上市投资公司现已以高于资产净值的溢价交易着。对于那些得以巧妙利用备受批评的折价的投资者，他们现在正享有双倍的益处。

确保股票拥有者正确理解资本投资的目标及投资方式是至关重要的。重申一遍，资本投资的主要目标是让股票拥有者通过价值投资的方式以复利计算受益于长期的资本增值。它希望能够吸引了解它的目标、方法和溢价/折价功能

图六: 溢价/折价对基金市价的复合回酬



的志同道合投资者。一旦了解这些，投资者将能以折价的优势来赚取他们最大的长期回酬。

溢价或折价是否重要？对价值投资者而言，它当然重要。这取决于投资者要什么样的投资。套用巴菲特的话，若投资者想寻找一夜情，那么“浪漫”的资本投资将会是个错误的选择。

### 特别股东大会、常年股东大会以及投资者日

距离2009年11月21日所召开的特别股东大会已经有一段时间了。在该大会上，股票拥有者投票赞成维持资本投资有限公司的投资政策，而资威的团队亦一直很努力地想尽办法以寻找作为改变投资策略的替代方案，但却又能同时满足股票拥有者于2009年8月份举行的第五届年度股东大会所提及的需求。

今年，2014年投资者日将于2014年10月11日和12日在吉隆坡会议中心举行。我们鼓励所有的股票拥有者、其家人和朋友们一同前来参加亚洲最具创新性的投资活动。有关2014年投资者日的更多信息将在稍后公布。

最后，我就YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya过去的宝贵贡献向他致以我最诚挚的感谢。我祝愿他在今后多年一切顺利。

**陈鼎武**  
指定基金经理  
资威资产管理私人有限公司  
2014年6月25日

# Who runs icapital.biz Berhad

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

- **Chairman / Non-Independent Non-Executive Director**
- **Member of the Audit Committee and Nomination Committee**
- **85 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 started the Cancer Research Initiatives Foundation ("CARIF") jointly with Toh Puan Aishah Ong in 2001. CARIF headed by CEO Prof Dr Teoh Soo Huang is now a leading internationally recognised cancer research foundation based in Malaysia.

Tunku Ahmad Yahaya is also a Director of Capital Dynamics Asset Management Sdn Bhd and has indirect shareholding in Capital Dynamics Asset Management Sdn Bhd.

## Datuk Ng Peng Hong @ Ng Peng Hay

- **Deputy Chairman**
- **Senior Independent Non-Executive Director and Chairman of the Nomination Committee**
- **62 years of age – Malaysian**

Datuk Ng Peng Hong was appointed to your Board of Directors on 26 April 2010. He was the State Assemblyman for Tengkeru Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment Coordinator by the Melaka State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his team of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors to the State of Melaka.

In recognition of his efforts and dedication, he was conferred the Darjah

Mulia Seri Melaka by his Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal.

He has been the Chairman of Malaysian Chinese Association, 7th Branch Melaka since 1982. Presently, he is the Chairman of Koperasi Jayadiri Malaysia, a Board Member of Malaysian Investment Development Authority (MIDA) and a Director of The Tun Hussein Onn National Eye Hospital.

He also sits on the board of Bonia Corporation Berhad, Komarkcorp Berhad, Farm's Best Berhad and Wellcall Holdings Berhad.

## David Loo Kean Beng

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

David Loo Kean Beng was appointed to your Board of Directors on 15 May 2008. He holds a Bachelor of Arts (Honours). He started his career with Sime Darby Berhad in 1987 and was Senior Legal Adviser prior to leaving in 1997.

David Loo Kean Beng is a partner of Messrs Mak Loo & Co.

## Harun Bin Halim Rasip

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

Harun Bin Halim Rasip was appointed to your Board of Directors on 21 May



## WHO RUNS ICAPITAL.BIZ BERHAD

### Profile of Directors

2010. He graduated from the University of Western Australia with a Bachelor of Commerce Degree. He articulated with Price Waterhouse in Perth, Western Australia for admission and acceptance into the Institute of Chartered Accountants in Australia. He joined Price Waterhouse, Kuala Lumpur in 1978 and left in 1983. Thereafter, he was appointed as Managing Director of Halim Rasip Holdings Sdn Bhd, solely responsible for the functions of project promotion, finance and corporate matters, business development, project development and management to date.

Harun Bin Halim Rasip is also the President Director of PT Tanah Laut Tbk, a company listed on the Indonesia Stock Exchange engaged in marine services and port development activities in Indonesia.

### YM Tunku Abdul Aziz Bin Tunku Ibrahim

- **Independent Non-Executive Director**
- **80 years of age – Malaysian**

Tunku Abdul Aziz Bin Tunku Ibrahim was appointed to your Board of Directors on 21 December 2011. He graduated from the University of Tasmania, Australia with a Bachelor of Arts Degree majoring in History and Political Science.

YM Tunku Abdul Aziz Bin Tunku Ibrahim began his business career with Guthrie Corporation Ltd after completing his professional education in England and tertiary education in Australia. He then moved to the Central Bank of Malaysia as Advisor. He returned to the private sector, joining Dunlop Malaysian Industries Berhad where he was Director of Corporate Affairs before being appointed a Group Director of Sime Darby Berhad. He left Malaysia in 1985 to take up a directorship

at the Commonwealth Secretariat in London, returning to Malaysia on retirement in 1992.

He was a member of the Federation of Malaysian Manufacturers, the Malaysian National Shippers Council, the Asean Business Council, the Asean-US Business Council and the Asean-EU Business Council. He was, for two terms, Chairman of the Asean Chambers of Commerce and Industry Working Group on Industrial Complementation that produced the Asean Motor Industry Guidelines. He also served on the Employers' Panel of the Industrial Court for several years.

He founded with the support of like-minded friends the Malaysian Chapter of Transparency International, the global coalition against corruption and was its President until 2004. He was the movement's Vice-Chairman worldwide, stepping down in 2002.

He sits on the boards of many global anti-corruption and good governance organisations such as the International Institute for Public Ethics, and the US-based Caux Round Table as Co-Chairman. He is President of the Malaysian Anti-Corruption Foundation. He is a member of the Advisory Board of the Malaysian Anti-Corruption Commission. In 2004 he was appointed a member of the Royal Commission inquiring into police services. He is a Fellow of the World Academy of Art and Science.

In February 2006, YM Tunku Abdul Aziz Bin Tunku Ibrahim was appointed Special Adviser to the UN Secretary-General on the establishment of the UN Ethics Office in New York. He was a national vice-chairman of the Democratic Action Party of Malaysia and was a Senator representing Penang. On 12 August 2011, his alma mater, the University of Tasmania conferred on him the degree of

Doctor of Laws (honoris causa) for his fight against corruption and promoting integrity in business and government in Malaysia and overseas. He writes a fortnightly column for New Straits Times.

### Dato' Tan Ang Meng

- **Independent Non-Executive Director**
- **Member of the Audit Committee**
- **58 years of age – Malaysian**

Dato' Tan Ang Meng was appointed to your Board of Directors on 10 November 2012. He is a Certified Public Accountant and was admitted to the membership of the Malaysian Institute of Accountants in 1980.

Dato' Tan Ang Meng started his career in 1975 with PriceWaterhouseCoopers, Kuala Lumpur. He left the firm in 1981 to join UMW. In 1983, he joined Guinness Malaysia Berhad. Following the merger between Guinness Malaysia Berhad and Malayan Breweries (M) Sdn Bhd, he was transferred to Malayan Breweries Limited in 1991 (which later changed its name to Asia Pacific Breweries Ltd) and served within the Group until January 2001. During that period, he held various senior management positions as well in various regional offices in the group. His last position was that of Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar.

In 2001, he was appointed Chief Executive Officer and Executive Director of the Fraser and Neave Holdings Berhad, a position which he held until his retirement in November 2010.

He also sits on the board of United Malacca Berhad, Mega First Corporation Berhad and Red Sena F&B Berhad (in members' voluntary winding up).

#### Note:-

1. None of the Directors have any family relationships with each other or any major shareholder nor conflict of interest involving your Company.
2. 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 2012 (“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 financial year ended 31 May 2014. Your Board is of the opinion that it has, in all material respects, complied with the Principles and Best Practices of the Code.

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.

## 1 | Establish Clear Roles and Responsibilities

### 1.1. Board Charter

Your Board established a Board Charter on 2 July 2013 to ensure that all Board members are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles of good Corporate Governance are applied in all their dealings in respect and on behalf of your Fund.

The Board Charter is made available for reference in your Fund’s website at [www.icapital.my](http://www.icapital.my).

### 1.2 Duties and Responsibilities

The primary responsibilities of your Board include, amongst others, determining your Fund’s investment policies, which include performance targets and long-term goals of your Fund and regularly review the division of responsibilities in ensuring that the financial and

## STATEMENT OF CORPORATE GOVERNANCE

operational objectives of your Fund are met.

As a closed-end fund, the Fund employs an external management structure whereby all the Fund's functions are undertaken by service providers. Your Board's duties and responsibilities include the following:

- i. ensure that the Fund adheres to its investment objectives, investment policies and investment restrictions;
- ii. review and evaluate the performance of the service providers i.e. the Fund Manager, Investment Adviser, the Custodian, the Administrator, the Company Secretaries, External Auditors, Internal Auditors and any other service providers as may be appointed from time to time;
- iii. review the adequacy and integrity of the system on internal control of the service providers;
- iv. review and oversee succession plan for the Board and service providers (if necessary); and
- v. ensure that the Fund adheres to high standards of ethic and corporate governance.

### 1.3. Board Balance

The Board shall comprise of Non-Executive Directors who shall be qualified individuals of good repute and with diverse professional background, skills, necessary experience and knowledge for the performance of their duties. Their profiles are presented on pages 24 to 25 of this Annual Report.

The appointment of a new Director is a matter for consideration and decision by your Board, upon

the recommendation from the Nomination Committee. In making this recommendation, the Nomination Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the potential candidate would bring to your Board.

Your Board has appointed Datuk Ng Peng Hong @ Ng Peng Hay, the Chairman of Nomination Committee, on 2 July 2013 as the Senior Independent Non-Executive Director who will also attend to any queries or concerns raised by the share owners.

Your Board is ensured of a balanced view at all board deliberations, as all your Directors are non-executives 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 oversees the performance of the management of your Fund and has expressed its satisfaction and confidence in the services provided by various parties involved in the operations of your Fund.

### 1.4. Directors' Code of Ethics and Conduct

Your Fund adopted the Directors' Code of Ethics and Conduct on 2 July 2013 ("the Code of Conduct") contained in the Board Charter.

Your Board periodically reviews and is guided by the Code of Conduct in discharging its oversight role effectively. The Code of Conduct requires your Board to observe high ethical business

standards and apply these values to all aspects of your Fund's business and professional practice and act in good faith in the best interests of your Fund and its share owners. Details of the Code of Conduct which are contained in the Board Charter are available on the corporate website.

Your Board does not have a Whistleblowing Policy because your Fund does not employ any employees. However, your Board has provided an avenue for members of the public on the Fund's website to disclose any improper conduct of your Fund via post to the Chairman of the Audit Committee.

### 1.5. 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 your Directors in advance of meetings, in order to allow for sufficient time for review and obtain explanations.

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

### 1.6. 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 your 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.

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.

### 1.7. Succession Planning

Your Fund has not adopted any written succession planning standards for your Directors. Your Board has not established any succession plan for senior management as your Fund does not have any management. As a closed-end fund, your Fund employs an external management structure whereby all your Fund's functions are undertaken by service providers.

The Nomination Committee, with the guidance of the Board as a whole, is responsible for ensuring that your Directors are qualified individuals of good repute and with diverse professional background, skills, necessary experience and knowledge for the performance of their duties.

### 1.8. Strategies Promoting Sustainability

Your Board promotes good corporate governance in the application of sustainability practices throughout your Fund, the benefits of which are believed to translate into better corporate performance. Additionally, your Fund's activities on corporate social responsibilities are disclosed on page 33 of this Annual Report and on the corporate website.

### 1.9. Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to your Board in relation to your Fund's constitution, Board's policies and procedures and

compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support your Board by ensuring that all Board meetings are properly conducted and deliberations at your Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep your Board updated on changes in the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and directives issued by the regulatory authorities, and the resultant implications to your Fund and your Directors in relation to their duties and responsibilities. All your Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business.

## 2 | Strengthen Composition

### 2.1. 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.

### 2.2. Audit Committee

The composition, summary of the terms of reference and activities of the Audit Committee are laid down on pages 34 to 36 of this Annual Report.

### 2.3. Nomination Committee

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

#### Chairman:

**Datuk Ng Peng Hong**

**@ Ng Peng Hay**

(Senior Independent Non-Executive Director)

#### Members:

**YM Tunku Tan Sri Dato' Seri**

**Ahmad Bin Tunku Yahaya**

(Non-Independent Non-Executive Director)

**David Loo Kean Beng**

(Independent Non-Executive Director)

**Harun Bin Halim Rasip**

(Independent Non-Executive Director)

The Nomination Committee is empowered by your Board to, amongst others, recommend to your Board, suitable candidates for appointment as your 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.

During the financial year ended 31 May 2014, the following activities were undertaken by the Nomination Committee:-

(i) reviewed and assessed the effectiveness of the Board and Board committees;

(ii) reviewed and made recommendations to the Board on the re-election and re-appointment of Directors; and

(iii) reviewed and assessed the independence of the Independent Non-Executive Directors.



**Table for Directors' Remuneration**

<b>Directors</b>	<b>Fees (RM)</b>
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	40,000
David Loo Kean Beng	40,000
Datuk Ng Peng Hong @ Ng Peng Hay	40,000
Harun Bin Halim Rasip	40,000
YM Tunku Abdul Aziz Bin Tunku Ibrahim	40,000
Dato' Tan Ang Meng	40,000
Dato' Dr Norraesah Binti Mohamad (resigned on 1 January 2014)	23,452
<b>Total</b>	<b>263,452</b>

**2.4. Gender Diversity Policy**

Your Board is of the view that there is no need for a gender diversity policy as all appointments are based solely on merit.

**2.5. 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. An analysis of the aggregate Directors' remuneration for the financial year ended 31 May 2014 is as per the table above.

Director include the relationship between the Independent Director and your Fund and his involvement in any significant transaction with your Fund. Based on the assessment of the independence of the Independent Non-Executive Directors conducted by the Nomination Committee, your Board is satisfied that all Independent Non-Executive Directors are able to provide check and balance to your Board's decision making process and bring independent and objective judgment to your Board deliberations.

Your Board composition has met the Main Market Listing Requirements of Bursa Securities and the Code for a balanced board which is fulfilled with Independent Directors constituting more than one-third of your Board.

**3.2. Tenure of Independent Directors**

Your Board noted that one of the recommendations of the Code is that the tenure of an independent director should not exceed a cumulative term of nine (9) years unless share owners' approval is obtained to retain such Director as an Independent Non-Executive Director. Amongst your Board members, none of the Independent Non-Executive Directors have served on the Board for more than nine (9) years.

Your Board would seek share owners' approval at the Annual General Meeting if an Independent Director who has served in that capacity for more than nine (9) years shall remain as an Independent Director. The Nomination Committee will assess the independence of the Independent Director based on the assessment criteria developed by the Nomination Committee, and recommend to your Board for recommendation to share owners for approval. Justification for your Board's recommendation would be provided to share owners, where applicable.

**3.3. Separation of the Positions of the Chairman and the Chief Executive Officer ("CEO")**

The Code states that the positions of the Chairman of your Board and the CEO should be held by different individuals, and the Chairman must be a non-executive member of your Board. Your Fund complies with this recommendation as the position Chairman is held by YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya and your Fund does not have any management. The roles of CEO have been delegated to the respective service providers. The Chairman leads your Board to ensure its effectiveness and your Board as a whole is responsible for overseeing the

**3** | Reinforce Independence

**3.1. Annual Assessment of Independent Directors**

Your Board, through the Nomination Committee, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent

Name	Number of meetings attended
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	3 out of 4
David Loo Kean Beng	3 out of 4
Datuk Ng Peng Hong @ Ng Peng Hay	4 out of 4
Harun Bin Halim Rasip	4 out of 4
YM Tunku Abdul Aziz Bin Tunku Ibrahim	4 out of 4
Dato' Tan Ang Meng	4 out of 4
Dato' Dr Norraesah Binti Mohamad (resigned on 1 January 2014)	1 out of 3

operations of your Fund are carried out in an efficient and effective manner.

### 3.4. Composition of Your Board

Your Board led by a Non-Independent and Non-Executive Chairman, is made up of six (6) Non-Executive Directors; five (5) of whom are Independent. Your Board composition has met the Bursa Securities' Main Market Listing Requirements, which requires at least two (2) or one-third (1/3) of your Board, whichever is higher, to be independent directors. The Non-Executive Directors contribute in areas such as policy and strategy, performance monitoring, as well as improving governance and controls. The Non-Executive Directors are independent from management and free of any relationship which could materially interfere with the exercise of their independent judgment and objective participation and decision making process of your Board.

## 4 | Fostering Commitment

### 4.1. Time Commitment

Your Directors observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

To ensure that your Directors have the time to focus and fulfil their roles and responsibilities effectively, none of your Directors holds directorships of more than five (5) public listed companies.

Your Board is satisfied with the level of time commitment given by your Directors towards fulfilling their roles and responsibilities as your Directors of your Fund.

During the financial year ended 31 May 2014, a total of four (4) Board meetings were held and the attendance of each of your Director is as per the table above.

### 4.2. Directors' Training

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities. Your Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to enable them to effectively discharge their duties and maintain active participation in your Board deliberations. With assistance from the Nomination Committee, your Board shall assess the training needs of your Directors on an ongoing basis.

Your Board shall ensure compliance of the Mandatory Accreditation Programme of Bursa Securities by your newly appointed Directors and appropriate induction programme for your newly appointed Directors shall also be carried out with the assistance

of the Fund Manager. During the financial year ended 31 May 2014, the Directors' continuing education programme included the following:

- 9th Tricor Tax & Corporate Seminar;
- Emotional Intelligence & Self-Managed Leadership Course;
- 19th Annual Coaltrans Asia 2013;
- Seminar Pentadbiran Tanah Strata dan Stratum Transformasi Ekonomi Negara;
- Seminar Pentadbiran Tanah; and
- Understanding Competition Law and Its implication on Business.

Your Board also received updates from the Company Secretaries and External Auditors on statutory and regulatory requirements.

## 5 | Uphold Integrity In Financial Reporting

### 5.1. 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, Letters to Share owners in the Annual Reports as well as a presentation on the Fund's investment portfolios by the Fund Manager to the share owners immediately after the conclusion of every Annual General Meeting.

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

### 5.2. 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 yearly audit plans and audit findings, if any, for the discussion of the members of the Audit Committee.

The Audit Committee had obtained written assurance from its external auditors, Messrs Crowe Horwath, confirmed that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The role of the Audit Committee in relation to the External Auditors is set out on page 35 to 36 on this Annual Report.

### 5.3. Statement of Directors' Responsibility

Directors are required pursuant to Section 169(15) of the Companies Act 1965 to state whether your 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 your Fund's state of affairs and of the results of your Fund's business operations for the financial year.

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 judgments 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 42 of this Annual Report.

## 6

## Recognise And Manage Risks

### 6.1 Sound Framework to Manage Risk

Your Board acknowledges its responsibilities of setting up and maintaining an effective system of risk management and internal control in ensuring a proper risk management environment. In achieving this, your Board has ensured that the system of internal control had taken into account the process of identifying key risks, the likelihood of occurrence and materiality. Your Board

defines the level of risk appetite, approving and overseeing the operation of your Fund's Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk facing your Fund. The Audit Committee reviews the risk management framework of your Fund and the Enterprise Risk Management and advises your Board on areas of high risk faced by your Fund and the adequacy of compliance and control throughout your Fund.

The Audit Committee also reviews the action plan implemented and makes relevant recommendations to your Board to manage residual risks. Your Fund continues to maintain and review its internal control procedures to ensure the protection of its assets and its share owners' investment.

Your Fund's Statement on Internal Control and Risk Management, which provides an overview of the risk management of your Fund is set out on pages 37 to 38 of this Annual Report.

### 6.2. Internal Control

Your Board acknowledges that it is responsible for maintaining a sound system of internal controls. Your Fund's Statement on Internal Control and Risk Management, which provides an overview of the state of internal control is set out on pages 37 to 38 of this Annual Report.

### 6.3. Internal Auditors

Your Fund has appointed Bridge Corporate Advisory Sdn Bhd, a professional service 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 their duties with professionalism and impartiality.

## 7

## Ensure Timely and High Quality Disclosure

### 7.1. Corporate Disclosure Policy and Procedures

As regards Corporate Disclosure Policy and Procedures, your Fund shall be guided by the Corporate Disclosure Guide issued by Bursa Securities to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws. The Board as a whole with the assistance of Fund Manager and Company Secretaries is responsible for determining materiality of information and ensuring timely, complete and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided by the respective service providers to the Company Secretaries for drafting of necessary announcements.

Your Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

## 8

## Strengthen Relationship Between Company and Share Owners

### 8.1. Encourage Poll Voting

At the commencement of Annual General Meeting, the Chairman shall inform share owners the substantive resolutions put forth for share owners' approval and encourage the voting of all substantive resolutions by polling pursuant to the Code. To assist the share owners in exercising their rights, the Chairman or the Company Secretary shall read out the provisions of the Articles of Association of your Fund on the share owners' right to demand a poll vote.

### 8.2. 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 and corporate website. Timely release of financial results on a quarterly basis also enables share owners to have an overview of the performance of your Fund.

The means of communication to share owners and investors, amongst others, are as follows:

- i. the general meetings of the Fund;
- ii. timely announcements and disclosures made to the Bursa Securities, which includes release of financial results on quarterly basis and any other material information that may affect the

decisions of the share owners and investors;

iii. press conference and/or press release to the media;

iv. conducts regular dialogues with financial analysts; and

v. Investor Day hosted by the Fund Manager, as and when necessary.

Your Fund's Annual General Meeting and presentation on the Fund's investment portfolios by the Fund Manager after conclusion of the Annual General Meeting are also important forums for communication and dialogue with its share owners. Your Board encourages share owners to attend and participate in the Annual General Meeting and aforesaid presentation. 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 of the Annual Report.

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

## 9

## Compliance Statement

Your Board is supportive of all the Recommendations of the Code and will take reasonable steps and also review the existing policies and procedures in place from time to time to ensure full compliance thereof.

Your Board is satisfied that your Fund has substantially complied with the Principles and Recommendations of the Code.

# Corporate Social Responsibility

Commitment is a tough word but having the discipline to fulfill this commitment is even tougher.

icapital.biz Berhad is not only committed but is disciplined with its commitment in maintaining a balance between its business objectives and responsible corporate practices, to improve and nurture a more harmonious society amongst its share owners, investors and the community at large.

## Share owner value

Share owner value creation remains a core corporate responsibility for icapital.biz Berhad. By adhering to its eclectic value investing philosophy, icapital.biz Berhad is committed to maximising its average annual rate of gain in its net asset value, which is the most critical factor in safeguarding the long-term interests of our share owners.

## Investor Day

At icapital.biz Berhad, we believe that everyone should have access to quality investment education. This forms the fundamental basis for our non-profit annual investor education event - the Investor Day. As part of icapital.biz Berhad's corporate responsibility efforts, we have reached out to the community through investment education by choosing to host Investor Day, a non-profit event opened to both our share owners and the investing public for free, be they budding value investors or retirees seeking more prudent investments for their old age. The Investor Day is one of Asia's most innovative investment events.

## 2013 Investor Day

The participants at the 2013 Investor Day, consisting of people from all walks of life, benefited greatly from the informative, interactive and interesting sessions.

The 2013 Investor Day was premised on the theme of "Great Beginnings", illuminating the notion that all it takes is the first right step.

Building upon the success attained in our 2010 and 2011 Investor Days, the 2013 Investor Day showcased a series of exciting and educational events, such as corporate presentations by the listed companies which icapital.biz Berhad has invested in, educational talks, engaging forums, enlightening exhibition, etc.

For corporate presentations, we were honoured to have Tan Sri Dato' Seri Lodin Bin Wok Kamaruddin, Group Managing Director of Boustead Holdings, Dato Seri' Dr, Mohd Ajib Anuar, Group CEO of Malaysia Smelting Corporation, Petronas Dagangan Berhad was represented by Encik Aminul Rashid Mohd Zamzam (CEO), Encik Rozaini Mohd Sani (CFO), and Raja Zera Raja Zaib Shah (Senior Manager of Strategic Planning). Suria Capital Holdings was represented by Mdm Ng Kiat Min (CFO) while Steven Siaw Kok Tong, Senior Vice President/Executive Director and Alex Chew Chee Chek, Executive Director spoke on behalf of ViTrox Corporation and Wellcall Holdings respectively.

Through the carnival-like exhibition entitled "City of icapital.biz Berhad", investors also had the chance to interact closely with the listed companies in order to have a better understanding of the companies that icapital.biz Berhad invested in.

YB Khairy Jamaluddin, Minister of Youth and Sports, had an interactive dialogue, moderated by Tan Teng Boo, with top economic students on "Malaysia's Economic Future". On the other hand, YB Nurul Izzah Anwar, MP of Pantai Lembah, had an enlightening presentation, also moderated by Tan Teng Boo, on "Comparative Economic Systems". The talk by Niny Khor, a Beijing-based economist of the Asian Development Bank, on "The Emergence of China" received overwhelming response.

To educate the investing public on value investing, "What is value investing" and "Why invest in icapital.biz Berhad" were the classic cannot-be-missed sessions conducted by various analysts from Capital Dynamics.

Last but not least, Tan Teng Boo surprised the audience by having a special talk on "Why I Am An Entrepreneur When Others Are Retiring" in which he shared his unique view on Asia in the global arena.

## i Challenge

The Investor Day is one of Asia's most innovative investment events, and the investment game added a new element of immersion - participants attended various talks and visited exhibition booths to correctly complete a set of questions in order to win the challenge. icapital.biz Berhad viewed the investment game as an interactive engagement activity and an avenue of education for participants in the 2013 Investor Day.

## i Charity

Another of icapital.biz Berhad's corporate responsibility efforts was the i Charity initiative. Under this initiative, the charity selected by share owners received a 5 Ringgit donation from icapital.biz Berhad for every registered attendee at the 2013 Investor Day. A giant eye structure was lighted up as the donation increased throughout the event. Eventually, the charities that were successfully nominated were Persatuan Penjagaan Kanak-kanak Cacat Klang Selangor, Pertubuhan Kebajikan Anak Yatim/Miskin Klang Selangor and Pertubuhan Pendidikan Anak-anak Yatim Selangor. We have chosen children organisations as the beneficiaries of i Charity as we believe they are the future of Malaysia's "Great Beginnings".

## 2014 Investor Day

As our corporate responsibility to society progresses, icapital.biz Berhad will once again conduct the 2014 Investor Day. With the aim of making it more exciting, informative and beneficial to all stakeholders, this year's Investor Day will be accessible to everyone from Saturday afternoon (11th October 2014) until the whole day of Sunday (12th October 2104).

Access the wisdom of Tan Teng Boo and the other invited speakers. Equip yourself with interesting and time-tested investment wisdom to make sound investment decisions. Join us on 11-12 October 2014 at the Kuala Lumpur Convention Centre.

icapital.biz Berhad prides itself on being a conscientious corporate citizen, and will continue to implement effective corporate responsibility initiatives now and into the future.

# Audit Committee Report

The Audit Committee was established  
by your Board on 30 June 2005.

## 1 | 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 2014 are set out below:-

<b>Chairman</b>	<b>Attendance</b>
Harun Bin Halim Rasip* (Independent Non- Executive Director)	4 out of 4

<b>Members</b>	<b>Attendance</b>
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya (Non-Independent Non-Executive Director)	3 out of 4
David Loo Kean Beng (Independent Non- Executive Director)	3 out of 4
Dato' Dr Norraesah Binti Mohamed (Independent Non-Executive Director) (Resigned on 1 January 2014)	1 out of 3
Dato' Tan Ang Meng* (Independent Non-Executive Director) (Appointed on 2 July 2013)	3 out of 3

\* Member of the Malaysian Institute of Accountants

## 2 | Summary of Terms of Reference

### **Authority**

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

- i. have authority to investigate any matter within the terms of reference;
- ii. have the resources which the Audit Committee requires to perform its duties;
- iii. have full and unrestricted access to any



## AUDIT COMMITTEE REPORT

- information which the Audit Committee requires in the course of performing its duties;
- iv. have direct communication channels with the external auditors and person carrying out the internal audit function;
- v. be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
- vi. be able to convene meetings with the external auditors, internal auditors or both without the attendance of other directors and service providers of the Company, whenever deemed necessary. Other directors or service providers may attend meetings only at the Audit Committee's invitation.
- 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;
- v. To review the external auditors' audit report on the financial statement;
- vi. To review any management letter sent by the external auditors to the Company and the service providers' response to such letter;
- vii. To review any letter of resignation from the external auditors;
- viii. To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- ix. To review the assistance given by the Company's officers and service providers to the external auditors;
- x. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
- xi. To establish policies and procedures to assess the suitability and independence of external auditors;
- xii. To review and monitor suitability and independence of the external auditors;
- xiii. To establish policies and procedures in governing circumstances for contracts of non-audit services to be entered with external auditors;
- xiv. To obtain written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements;
- xv. To review the effectiveness and competency of the internal audit function;
- xvi. 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;
- xvii. To review the follow up actions by the service providers on the weakness of internal accounting procedures and controls;
- xviii. To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- xix. To review the assistance and co-operation given by the Company's officers and service providers to the internal auditors;
- xx. To review any appraisal or assessment of the performance of persons carrying out 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

### Duties and Responsibilities

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

- i. To review the nomination of external auditors and the external audit fee;
- ii. To discuss with the external auditors, the nature, scope and quality of external audit plan/ arrangements;
- iii. To review the evaluation of the systems of internal control with the external auditors;
- iv. To review quarterly results and year-end financial statements of the Company, prior to approval by the Board, focusing in particular on the going concern assumption,



- major judgement issues;
- xxi. To review the resignation of the internal auditors and provide the resigning internal auditors an opportunity to submit reasons for their resignation.

The full Terms and Reference of the Audit Committee is available on the Company's website at [www.icapital.my](http://www.icapital.my).

### 3 | Summary Of Activities Undertaken

During the financial year ended 31 May 2014, some of the activities undertaken by the Committee included:-

- i. reviewed 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 with regulatory requirements and the Malaysian Financial Reporting Standards ("MFRS");

- ii. approved the audit planning memorandum of the external auditors;
- iii. discussed with the external auditors on its nature, scope and quality of external audit and the compliance with the MFRS;
- iv. reviewed with the external auditors any significant audit findings in relation to the audit;
- v. discussed with the internal auditors on its nature, scope and quality of internal audit and approved the internal audit plans/ arrangements thereof;
- vi. reviewed the audit findings and recommendations by the internal auditors, representations made and corrective actions taken by the relevant service providers in addressing and resolving issues;
- vii. reviewed and discussed on the enterprise risk management progress reports;
- viii. evaluated the performance of the external and internal auditors;

- ix. reviewed the related party transaction of your Fund; and
- x. met and discussed with the external Auditors of the Company in the private session in respect of the audit for the Audited Financial Statements for the year ended 31 May 2014.

### 4 | 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 cost incurred for the Internal Audit function in respect of the financial year was RM12,000.

# Statement of Risk Management and Internal Control

## Introduction

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and its assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") require directors of public listed companies to include a statement in their annual reports on the state of their risk management framework and internal control. The Listing Requirements and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") which is issued by the Taskforce on Internal Control provide guidance for compliance with these requirements. Set out below is your Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

## Board Responsibilities

Your Board recognises the importance of maintaining sound internal control

and effective risk management practices in your Fund. Your Board acknowledges its primary responsibility to ensure that risks in your Fund are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an ongoing basis. The review covers, inter-alia, financial, operational and compliance system controls and risk management procedures of 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.

## Internal Control Functions

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 on quarterly basis.

The internal audit function reviews the internal controls in the key activities of your Fund's service providers based on the annual audit plan, which is presented to the Audit Committee for approval. Since the adoption of the risk policy, the internal audit function has taken on a risk-based approach when preparing its audit strategy and plans, after having considered the risk profiles of the operating of your Fund. The system of internal

control has been structured in such a manner that it has provided reasonable assurance that the likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. It achieved this through a combination of preventive, detective and corrective measures.

The internal audit reports that were tabled to the Audit Committee for their deliberation on quarterly basis include management response and corrective actions taken or to be taken in regard to the specific findings and recommendations. The external management as a whole is responsible for ensuring that the necessary corrective actions on reported weaknesses are promptly taken. The Audit Committee presents its findings regularly to your Board.

## Other Internal Control Elements

Your Fund's overall other internal control elements include:-

### **(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 accounting 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.

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. The Fund does not have any material joint ventures and associated companies.

### **(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 and summary of the terms of reference are disclosed in the Audit Committee Report on pages 34 to 36.

### **(iv) Risk Management**

Your Board recognises that to ensure the review process for identifying, evaluating and managing the significant risks affecting your Fund is complete, 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 ("the ERM framework"). As a closed-end fund, a significant portion of your Fund's risk is managed by your Fund Manager, Investment Adviser, and the Custodian Bank is assisted by independent external consultants and presented to and approved by your Board.

At the date of the annual report, the ERM framework, policy and your Fund's risk profile have been implemented and subject to periodic review as and when necessary.

The external auditors have reviewed the Statement on Risk Management and Internal Control and reported to your Board that nothing has come to their attention that causes them to believe the statement is inconsistent with their understanding of the process adopted by your Board in reviewing the adequacy and integrity of your Fund's system of internal controls.

## Conclusion

Your Board has received assurance from the Fund Manager, Custodian and Administrator that your Fund's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of your Fund.

After due consideration and review of the information provided, your Board is satisfied that there is no significant control failure or weaknesses that would result in material losses or require disclosure in your Fund's Annual Report identified during the financial year ended 31 May 2014.

# Directors' Report

The Directors hereby submit their report and the audited financial statements of your Fund for the financial year ended 31 May 2014.

## **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 33,446,443**

## **Dividend**

Since the end of the previous financial year, your Fund paid a special dividend of 9.5 sen per ordinary share less 25% tax amounting to RM9,975,003 in respect of the financial year ended 31 May 2013.

The directors do not recommend the payment of any dividend for the current financial year.

## **Reserves and Provisions**

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

## **Issues of Shares and Debentures**

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of your Fund; and

(b) there were no issues of debentures by your Fund.

## **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 writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

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 impairment losses on receivables in the financial statements of 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.

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.

### 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.

### 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. David Loo Kean Beng
3. Datuk Ng Peng Hong @ Ng Peng Hay
4. Harun Bin Halim Rasip
5. YM Tunku Abdul Aziz Bin Tunku Ibrahim
6. Dato' Tan Ang Meng
7. Dato' Dr Norraesah Binti Mohamad (Resigned on 1.1.2014)

### 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:-



## WHAT THE DIRECTORS SAY

### Directors' Report

Indirect Interests	Number of Ordinary Shares of RM1 each			
	At 1.6.2013	Bought	Sold	At 31.5.2014
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	3,589,000 <sup>(1)</sup>	-	-	3,589,000 <sup>(1)</sup>
Harun Bin Halim Rasip	39,900 <sup>(2)</sup>	-	-	39,900 <sup>(2)</sup>
YM Tunku Abdul Aziz Bin Tunku Ibrahim	405,000 <sup>(3)</sup>	-	-	405,000 <sup>(3)</sup>

#### NOTES

1. Deemed interest by virtue of his daughter's direct shareholding and her indirect shareholding in Capital Dynamics Asset Management Sdn. Bhd.
2. Deemed interest by virtue of his shareholding in Halim Rasip Holdings Sdn Bhd.
3. Deemed interest by virtue of his spouse's direct shareholdings.

The other Directors holding offices at the end of the financial year had no interest in shares of the company 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 17 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. Crowe Horwath, have expressed their willingness to continue in office.

**Signed in Accordance with a Resolution of the  
Directors dated 21 July 2014**

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

**Harun Bin Halim Rasip**

# Statement by Directors

We, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya and Harun Bin Halim Rasip, being two of the Directors of icapital.biz Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 45 to 60 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company at 31 May 2014 and of its financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 20, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**Signed in Accordance with a Resolution of the  
Directors dated 21 July 2014**

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

**Harun Bin Halim Rasip**

# 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 45 to 60 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 21st day of July 2014

Before me

**Lai Din** (No. W 668)  
Commissioner For Oaths

**Tan Teng Boo**

# Financial Statements

## **Independent Auditors' Report to the Members of icapital.biz Berhad**

## Report on the Financial Statements

We have audited the financial statements of icapital.biz Berhad, which comprise the statement of financial position as at 31 May 2014, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 60.

### **Directors' Responsibility for the Financial Statements**

The directors of your Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of your Fund as of 31 May 2014 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by your Fund have been properly kept in accordance with the provisions of the Act.

The supplementary information set out in Note 20 on page 60 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

This report is made solely to the members of your Fund, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **Crowe Horwath**

Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur  
21 July 2014

### **James Chan Kuan Chee**

Approval No: 2271/10/15 (J)  
Chartered Accountant



## FINANCIAL STATEMENTS

### Statement of Financial Position at 31 May 2014 (RM)

ASSETS	Note	2014	2013
<b>Non-current asset</b>			
Investments	5	185,731,507	209,700,211
<b>Current assets</b>			
Other receivables	6	2,342,087	1,949,769
Short-term deposits	7	239,709,214	207,033,700
Cash and bank balances		681,330	971,328
		<u>242,732,631</u>	<u>209,954,797</u>
<b>Current liabilities</b>			
Other payables	8	338,743	329,442
Provision for taxation		960,001	407,003
		<u>1,298,744</u>	<u>736,445</u>
<b>Net current assets</b>		<u>241,433,887</u>	<u>209,218,352</u>
		<u>427,165,394</u>	<u>418,918,563</u>
<b>Financed by:-</b>			
Share capital	9	140,000,000	140,000,000
Reserves	10	287,165,394	278,918,563
<b>Shareholders' equity</b>		<u>427,165,394</u>	<u>418,918,563</u>
Net assets per ordinary share (RM)	11	3.05	2.99
Net asset value per ordinary share (RM)	11	3.05	2.99

### Statement of Changes in Equity for the Financial Year Ended 31 May 2014 (RM)

	Non-Distributable		Distributable	Total Equity
	Share Capital	Fair Value Reserve	Retained Profits	
Balance at 1 June 2012	140,000,000	137,724,950	122,034,247	399,759,197
Profit after taxation	-	-	56,813,351	56,813,351
Other comprehensive income				
- Fair value gain on investments for the financial year	-	11,472,349	-	11,472,349
- Reclassification to profit or loss on investments disposed	-	(49,126,334)	-	(49,126,334)
Total comprehensive income for the financial year	-	(37,653,985)	56,813,351	19,159,366
Balance at 31 May 2013/1 June 2013	140,000,000	100,070,965	178,847,598	418,918,563
Profit after taxation	-	-	33,446,443	33,446,443
Impairment loss on investment recognised in profit or loss	-	513,988	-	513,988
Other comprehensive income				
- Fair value gain on investments for the financial year	-	15,008,051	-	15,008,051
- Reclassification to profit or loss on investments disposed	-	(30,746,648)	-	(30,746,648)
Total comprehensive income for the financial year	-	(15,224,609)	33,446,443	18,221,834
Distributions to the owners of your Fund:				
-Dividend	-	-	(9,975,003)	(9,975,003)
Balance at 31 May 2014	140,000,000	84,846,356	202,319,038	427,165,394

**Statement of Profit & Loss & Other Comprehensive Income for the Financial Year Ended 31 May 2014 (RM)**

	Note	2014	2013
<b>Revenue</b>			
Interest income		5,941,654	4,162,829
Dividend income		6,993,760	12,664,458
Net gain on disposal of quoted investments		30,746,648	49,126,334
		<u>43,682,062</u>	<u>65,953,621</u>
<b>Less: Operating expenses</b>			
Advertisements		708,202	20,975
Accounting and administrative fees		91,000	91,000
Annual general meeting expenses		451,578	98,990
Audit fee		38,000	21,000
Custodian expenses		82,071	106,444
Directors' fees		263,452	262,247
Fund management fee		3,109,491	3,089,891
Impairment loss on quoted investments		513,988	-
Investment advisory fee		3,109,491	3,089,891
Professional fee		132,815	141,323
Service tax		12,645	12,144
Others		123,897	43,321
		<u>8,636,630</u>	<u>6,977,226</u>
<b>Profit before taxation</b>		35,045,432	58,976,395
Income tax expense	12	(1,598,989)	(2,163,044)
<b>Profit after taxation</b>		33,446,443	56,813,351
Other comprehensive income	13	(15,224,609)	(37,653,985)
<b>Total comprehensive income for the financial year</b>		<u>18,221,834</u>	<u>19,159,366</u>
<b>Profit after taxation attributable to owners of your Fund</b>		33,446,443	56,813,351
<b>Total comprehensive income attributable to owners of your Fund</b>		18,221,834	19,159,366
Basic earnings per ordinary share (RM)	14	0.23	0.41

**Statement of Cash Flows for the Financial Year Ended 31 May 2014 (RM)**

	Note	2014	2013
<b>Cash flows from operating activities</b>			
Profit before taxation		35,045,432	58,976,395
Adjustments for:			
Impairment loss on quoted investments		513,988	-
Net gain on disposal of quoted investments		(30,746,648)	(49,126,334)
Operating profit before working capital changes		4,812,772	9,850,061
(Increase)/Decrease in other receivables		(392,318)	1,303,360
Increase in other payables		9,301	66,433
Proceeds from disposal of quoted investments		40,203,879	64,723,024
Purchase of quoted investments		(1,227,124)	(293,164)
<b>Cash from operations</b>		<u>43,406,510</u>	<u>75,649,714</u>
Net income tax paid		(969,941)	(329,054)
Income tax deducted at source		(76,050)	(1,051,143)
<b>Net cash from operating activities</b>		<u>42,360,519</u>	<u>74,269,517</u>
<b>Net cash for financing activity</b>			
Dividends paid		(9,975,003)	-
<b>Net increase in cash and cash equivalents</b>		32,385,516	74,269,517
<b>Cash and cash equivalents at beginning of the financial year</b>		208,005,028	133,735,511
<b>Cash and cash equivalents at end of the financial year</b>	15	<u>240,390,544</u>	<u>208,005,028</u>

# Notes to the Financial Statements for the Financial Year Ended 31 May 2014

### 1. General Information

Your Fund is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of your Fund is Malaysia. The registered office, which is also the principal place of business, is at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 21 July 2014.

### 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 the Fund Manager is the provision of fund management services.

### 3. 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 Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, your Fund has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

#### **MFRSs and IC Interpretations (Including The Consequential Amendments)**

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on your Fund’s financial statements except as follows:-

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year and the impacts on the financial statements of

your Fund upon its initial application are disclosed in Note 19(d) to the financial statements.

3.2 Your Fund has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 (2009) Financial Instruments	)
MFRS 9 (2010) Financial Instruments	) To be announced by MASB
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	)
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	)
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

The above accounting standards and interpretations (including the consequential amendments) are not relevant to your Fund's operations except as follows:-

MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirements. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities.

#### **4. 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



## FINANCIAL STATEMENTS

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:-

### (i) 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 provisions in the year in which such determination is made.

### (ii) Impairment of Available-for-sale Financial Assets

Your Fund reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. Your Fund also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, your Fund evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

### (b) Functional and Presentation Currency

The functional currency of your Fund is 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.

### (c) Financial Instruments

Financial instruments are recognised in the statement of financial position 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.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

### (i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

#### • Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

- **Held-to-maturity Investments**

As at the end of the reporting period, there were no financial assets classified under this category.

- **Loans and Receivables Financial Assets**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- **Available-for-sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when your Fund's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

## (ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

## (iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

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

## (d) Impairment

### (i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

### **(ii) Impairment of Non-Financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **(e) Income Taxes**

Income tax for the year comprises 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 substantively enacted at the end of the reporting period.

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 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. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period 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.

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 substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

#### **(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise 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 with original maturity periods of three months or less.

#### **(g) Segmental Information**

An operating segment is a component of your Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of your Fund's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions. If the interest expense is included in segment result, the related interest-bearing liability is included in segment liabilities.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

#### **(h) Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.



### (i) Related Parties

A party is related to an entity (referred to as the “reporting entity”) if:-

(a) A person or a close member of that person’s family is related to a reporting entity if that person:-

- i. has control or joint control over the reporting entity;
- ii. has significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled or jointly controlled by a person identified in (a) above.
- vii. A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (j) Revenue Recognition

#### (i) Sale of Investments

The gain or loss on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments.

#### (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.

## 5. Investments

In RM	2014	2013
At market value		
Quoted securities in Malaysia, at 1.6.2013/2012	209,700,211	262,657,722
Additions for the financial year	1,227,124	293,164
Disposals during the financial year	(9,457,231)	(15,596,690)
Changes in fair value adjustments	(15,738,597)	(37,653,985)
Quoted securities in Malaysia, at 31.5.2014/2013	185,731,507	209,700,211

## 6. Other Receivables

In RM	Note	2014	2013
Other receivables		1,246,522	919,763
Deposit		500	500
Prepayments		554,366	520,587
Related party	17	540,699	508,919
		2,342,087	1,949,769

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

The amount owing is to be settled in cash.

## 7. Short-term Deposits

The deposits with licensed financial institutions of your Fund at the end of the reporting period bore an effective interest rate of 2.83% (2013 - 2.87%) per annum. The average maturity period of the deposit is 24 days (2013 - 38 days).

In RM	2014	2013
Deposits with licensed financial institutions	239,709,214	207,033,700

## 8. Other Payables

In RM	2014	2013
Other payables	75,291	63,195
Accruals	263,452	266,247
	338,743	329,442

## 9. Share Capital

	2014	2013	2014	2013
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

## FINANCIAL STATEMENTS

### 10. Reserves

In RM	2014	2013
Fair value reserve	84,846,356	100,070,965
Retained profits	202,319,038	178,847,598
	287,165,394	278,918,563

#### (a) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

#### (b) Retained Profits

Under the single tier tax system, tax on your Fund's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

### 11. Net Assets per Ordinary Share/ Net Asset Value per Ordinary Share

The net assets per ordinary share/net asset value per ordinary share of your Fund is calculated based on the net assets at the end of the reporting period of RM427,165,394 (2013 - RM418,918,563) divided by the number of ordinary shares in issue at the end of the reporting period of 140,000,000 (2013 - 140,000,000).

### 12. Income Tax Expense

In RM	2014	2013
Current tax:-		
For the financial year	1,665,374	2,163,044
Overprovision in the previous financial year	(66,385)	-
	1,598,989	2,163,044

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	2014	2013
Profit before taxation	35,045,432	58,976,395
Tax at the statutory tax rate of 25% (2013 - 25%)	8,761,358	14,744,099
Tax effects of:		
Non-taxable income	(7,686,662)	(12,281,583)
Tax-exempt dividends	(1,423,814)	(1,900,756)
Non-deductible expenses	2,014,492	1,601,284
Overprovision in the previous financial year	(66,385)	-
Tax for the financial year	1,598,989	2,163,044

### 13. Other Comprehensive Income

The components of other comprehensive income are as follows:-

In RM	2014	2013
Fair value gain on investments for the financial year	15,522,039	11,472,349
Reclassification to profit or loss on investments disposed	(30,746,648)	(49,126,334)
	(15,224,609)	(37,653,985)

### 14. Earnings per Share

The basic earnings per ordinary share is arrived at by dividing the earnings for the financial year of RM33,446,443 (2013 - RM56,813,351) over the number of ordinary shares of your Fund in issue during the financial year of 140,000,000 (2013 - 140,000,000).

### 15. Cash and Cash Equivalents

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

In RM	2014	2013
Short-term deposits with licensed financial institutions	239,709,214	207,033,700
Cash and bank balances	681,330	971,328
	240,390,544	208,005,028

### 16. Segmental Information

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

Your Fund's investments are managed as a portfolio of equity investments. The fund manager of your Fund is responsible for allocating resources for investment in accordance with the overall investment strategies as set out in the prospectus. The fund manager assesses the performance of the investments portfolio and provides updates to the Board of Directors on the financial performance of your Fund's investments.

### 17. 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. A Director of your Fund, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, is a director 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 financial year:-

In RM	Note	2014	2013
Fund management fees paid to CDAM		3,109,491	3,089,891
Amount owing by a related party	6	540,699	508,919

## FINANCIAL STATEMENTS

### (c) Key management personnel compensation

The amount of emoluments receivable by the key management personnel of your Fund during the financial year was as follows:-

In RM	2014	2013
Directors of your Fund		
- Short-term employee benefits	263,452	262,247

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

In number	2014	2013
Non-executive Directors' fees		
- Below RM50,000	7	7

## 18. Dividend

In RM	2014	2013
Paid:		
Special dividend of 9.5 sen per ordinary share in respect of the financial year ended 31 May 2013	9,975,003	-

## 19. Financial Instruments

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 market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

### (a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

#### (i) Single Issuer Risk

The investment of your Fund in any quoted securities shall not exceed 10% of its net asset 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 mitigated.

#### (ii) Market Risk

##### (i) Equity Price Risk

Your Fund's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Fund Manager manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

##### Equity price risk sensitivity analysis

Your Fund is exposed to price risk of listed equity securities quoted on Bursa Malaysia Securities Berhad. This arises from investments held by your Fund for which prices in the future are uncertain. All equity security investments present a risk of loss of capital.



The table below summarises the impact of an increase/decrease of market prices of quoted securities of your Fund's net assets value at 31 May 2014/2013. The analysis is based on the assumption that the market prices of the quoted securities in which your Fund invested changes by +/-10% (2013: +/-10%) with all other variables held constant. The selected 10% change does not reflect what could be considered the best or worst case scenarios. Market prices for equity securities are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economics characteristics of the investee and general market conditions.

In RM	Impact on other comprehensive income/net asset value	
	Price Risk	
	-10%	+10%
31 May 2014	(18,573,150)	18,573,150
31 May 2013	(20,970,021)	20,970,021

**(ii) Foreign Currency Risk**

Your Fund does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

**(iii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Your Fund's exposure to interest rate risk arises mainly from its interest-earning financial assets. Your Fund's policy is to obtain the most favourable interest rate available.

**Interest rate risk sensitivity analysis**

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

In RM	2014	2013
	Increase/(Decrease)	Increase/(Decrease)
<b>Effects on profit after taxation</b>		
Increase of 100 basis points (bp)	1,797,819	1,552,753
Decrease of 100 bp	(1,797,819)	(1,552,753)
<b>Effect on equity</b>		
Increase of 100 bp	1,797,819	1,552,753
Decrease of 100 bp	(1,797,819)	(1,552,753)

**(iii) 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.

**Credit risk concentration profile**

Your Fund does not have any major concentration of credit risk related to any individual or counterparty.

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### Exposure to credit risk

As your Fund does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

### (iv) Liquidity Risk

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

The following table sets out the maturity profile of the financial liability as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted average effective rate (%)	Carrying amount (RM)	Contractual undiscounted cash flows (RM)	Within 1 year (RM)	1 – 5 years (RM)	Over 5 years (RM)
<b>2014</b>	-	338,743	338,743	338,743	-	-
Other payables and accruals						
<b>2013</b>	-	329,442	329,442	329,442	-	-
Other payables and accruals						

### (b) Capital Risk Management

Your Fund manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, your Fund may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

Your Fund manages its capital based on debt-to-equity ratio. Your Fund's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

As your Fund has no external borrowings as at the end of the reporting period, the debt-to-equity ratio is not presented.

### (c) Classification of Financial Instruments

In RM	2014	2013
<b>Financial assets</b>		
<b>Available-for-sale financial asset</b>		
Investments	185,731,507	209,700,211
<b>Loans and receivables financial assets</b>		
Other receivables	1,787,721	1,429,182
Short-term deposits	239,709,214	207,033,700
Cash and bank balances	681,330	971,328
	242,178,265	209,434,210

In RM	2014	2013
<b>Financial liability</b>		
<b>Other financial liability</b>		
Other payables	338,743	329,442

**(d) Fair Value Information**

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

2014	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	In RM	Level 1	Level 2	Level 3	Level 1	Level 2		
<b>Financial assets</b>								
Investments:								
- quoted shares	185,731,507	-	-	-	-	-	185,731,507	185,731,507
<b>2013</b>								
In RM	Level 1	Level 2	Level 3	Level *			Total	
<b>Financial assets</b>								
Investments:								
- quoted shares	209,700,211	-	-	-			209,700,211	209,700,211
*Comparative fair value information is not presented by levels, by virtue of the exemption given in MFRS 13.								

**20. Supplementary Information**

The breakdown of the retained profits of your Fund as at the end of the reporting period into realised and unrealised profits are presented in accordance with directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

In RM	2014	2013
<b>Total retained profits of your Fund</b>		
Realised	202,833,026	178,847,598
Unrealised	(513,988)	-
Total retained profits as per statement of financial position	202,319,038	178,847,598

# Investment Portfolio

As of 25 June 2014, your Fund has not invested in unlisted investments and all other investments apart from securities listed on Bursa Malaysia Securities Berhad. The investment objectives and policies of your Fund have been consistently applied to its investment portfolio.

Details of the investment portfolio of your Fund are as follows:

Companies	Shares	Cost (RM)	Value (RM)	Impairment Loss (RM)	Unrealised Profit/(Loss) (RM)
1 Boustead Holdings Berhad	6,197,850	21,122,656	32,290,799	NA	11,168,143
2 Fraser & Neave Holdings Berhad	1,317,600	9,040,642	23,953,968	NA	14,913,326
3 Malaysia Smelting Corporation Berhad	2,902,000	10,082,424	9,431,500	NA	(650,924)
4 Padini Holdings Berhad	19,000,000	5,490,389	37,430,000	NA	31,939,611
5 Parkson Holdings Berhad	8,671,754	21,202,731	21,505,950	NA	303,219
6 Petronas Dagangan Berhad	7,100	29,862	171,536	NA	141,674
7 P.I.E. Industrial Berhad	3,728,640	9,479,546	25,280,179	NA	15,800,633
8 Suria Capital Holdings Berhad	9,544,400	15,965,319	27,296,984	NA	11,331,665
9 Tong Herr Resources Berhad	3,479,300	7,855,311	6,749,842	(513,988)	*(591,481)
10 ViTrox Corporation Berhad	453,500	374,585	1,043,050	NA	668,465
11 Wellcall Holdings Berhad	801,000	755,673	1,185,480	NA	429,807
<b>Total</b>		<b>101,399,138</b>	<b>186,339,288</b>	<b>(513,988)</b>	<b>85,454,138</b>

As at 31 May 2014, impairment loss on investment in Tong Herr Resources Berhad was RM513,988 due to decline in market value of Tong Herr Resources Berhad. The market value as at 31 May 2014 is RM7,341,323 and the cost is RM7,855,311. This is considered as significant under FRSIC issued Consensus 14 – Impairment of Investment in Equity Instrument categorised as Available-for-Sale Financial Asset. A decline in fair value below the original cost of the equity instrument that had persisted for more than 9 to 12 months would generally be considered as “Prolonged” and hence, be impaired.

\*As at 25 June 2014, the total unrealised loss for Tong Herr Resources Berhad was RM1,105,469 which was then reduced to RM591,481 as a result of the impairment loss of RM513,988 recognised as at 31 May 2014.

In addition, the following investments were disposed during the financial year ended 31 May 2014 :

Companies	Shares	Cost (RM)	Disposal Value (RM)	Realised Profit/ (Loss) (RM)
1 Fraser & Neave Holdings Berhad	200,000	1,221,092	3,611,560	2,390,468
2 Integrex Berhad	4,884,500	4,488,837	9,516,278	5,027,441
3 Petronas Dagangan Berhad	892,900	3,747,302	27,076,041	23,328,739
<b>Total</b>		<b>9,457,231</b>	<b>40,203,879</b>	<b>30,746,648</b>

## Description of the Companies Businesses

### **Boustead Holdings Berhad**

Boustead Holdings is one of the largest conglomerates in Malaysia, with businesses spanning 6 sectors; namely, plantation, heavy industries, property, finance and investment, pharmaceutical, and trading and industrial.

### **Fraser & Neave Holdings Berhad**

Fraser & Neave Holdings (F&N) is a leading manufacturer and distributor of soft drinks and dairy products under various brands. F&N's property division was formed to unlock the value of its freehold properties in the Klang Valley.

### **Malaysia Smelting Corporation Berhad**

The MSC Group is currently one of the world's leading integrated producers of tin metal and tin based products and a global leader in tin smelting.

### **Padini Holdings Berhad**

Padini is a leading retailer of its own fashion labels through freestanding stores, franchised outlets and consignment counters in Malaysia and abroad.

### **Parkson Holdings Berhad**

Parkson is a leading operator of department stores in Malaysia, China, Vietnam and Indonesia.

### **Petronas Dagangan Berhad**

Petronas Dagangan is the principal domestic marketing arm of Petroliaam Nasional Berhad and is Malaysia's leading retailer and marketer of downstream oil and gas products.

### **P.I.E. Industrial Berhad**

P.I.E. Industrial offers an integrated contract electronic manufacturing service for various electronics, telecommunications and computer peripheral products, besides manufacturing and assembling cables and wires.

### **Suria Capital Holdings Berhad**

Suria Capital is the leading port operator in Sabah. Apart from the port operations, the group has ventured into other businesses, including property development.

### **Tong Herr Resources Berhad**

Tong Herr Resources is a leading manufacturer of stainless steel fasteners and has expanded into the manufacture of aluminium extrusion products and steel billets in Vietnam.

### **ViTrox Corporation Berhad**

ViTrox is a leading automated machine vision inspection solution providers. Its core products are its Machine Vision System, Automated Board Inspection and Electronics Communication System.

### **Wellcall Holdings Berhad**

Wellcall Holdings is a leading industrial rubber hose manufacturer, catering to the air & water, oil & fuel, automobile, ship building, food & beverages, and welding & gas markets.

### **Security Transaction Information**

Total number of transactions in securities entered into for the financial year ended 31 May 2014 amounted to 33 trades with total brokerage paid of RM83,049.31.

### **Gross Revenue of the Closed-end Fund**

The information on your Fund's gross revenue is presented on page 46 in the audited income statement for the financial year ended 31 May 2014 as attached in this Annual Report.



# Additional Information

## 1. Share Buy-backs

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

## 2. Options, Warrants or Convertible Securities

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

## 3. Non-Audit Fees

The non-audit fees and other services paid to the external auditors in respect of the financial year were RM12,000.00 for the reviewing of financial statements, statement of internal controls and determination of realised and unrealised gain and losses.

## 4. Sanctions and/or Penalties

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

## 5. Profit Estimation, Forecast or Projection and Variation in Results

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

## 6. Profit Guarantee

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

## 7. 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 financial year, or which were entered into since the end of the previous financial year:-

<b>Date</b>	6 September 2005
<b>Party</b>	Capital Dynamics Asset Management Sdn. Bhd. (CDAM)
<b>Nature</b>	Fund Management Agreement
<b>Consideration</b>	RM3,109,490.77 (from 1 June 2013 – 31 May 2014)
<b>Mode of settlement of consideration</b>	Cash
<b>Relationship</b>	A Director of your Fund namely YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya is a director of CDAM and has indirect interest pursuant to Section 134(12)(c) of the Companies Act, 1965. He does not hold any executive position in CDAM and is not involved in the daily operations and management of CDAM.

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

Your Fund did not seek Shareholders' Mandate in respect of RRPT during the financial year under review.

**9. Fund Manager's Interest in your Fund** As at 31 May 2014, the designated person has a direct interest in 10,000 shares and an indirect interest in 11,000 shares, whilst the Fund Manager has a direct interest in 789,000 shares. Other funds managed by the Designated Person have not invested in your Fund.

## 10. Employees Share Scheme (ESS)

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

## 11. Utilisation of Proceeds

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

## 12. Corporate Social Responsibilities

Your Fund is mindful of its corporate social responsibilities ("CSR") 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.

For further information on your Fund's CSR activities, kindly refer to page 33.

### 13. Depository Receipt Programme

Your Fund does not have a Depository Receipt Programme.

### 14. Landed Properties

Your Fund does not own any landed properties.

# Analysis of Shareholdings

as at 25 June 2014

**Authorised Share Capital :** RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each

**Issued and Paid-up Capital :** RM140,000,000 divided into 140,000,000 ordinary shares of RM1.00 each

**Voting Rights per share :** One

## Distribution of Shareholdings

### Total Holdings

Less than 100  
100 to 1,000  
1,001 to 10,000  
10,001 to 100,000  
100,001 to 6,999,999  
7,000,000 and above

### Total

No. of Holders	Holdings	%
22	478	0.000
775	558,415	0.399
1,478	7,079,400	5.057
808	26,946,333	19.247
258	94,725,674	67.661
1	10,689,700	7.636
<b>3,342</b>	<b>140,000,000</b>	<b>100.00</b>

## Directors' Interest in your Fund

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya  
Datuk Ng Peng Hong @ Ng Peng Hay  
David Loo Kean Beng  
Harun Bin Halim Rasip  
YM Tunku Abdul Aziz Bin Tunku Ibrahim  
Dato' Tan Ang Meng

	Direct		Indirect	
	No.	%	No.	%
YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	-	-	3,589,000 <sup>(1)</sup>	2.564
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
David Loo Kean Beng	-	-	-	-
Harun Bin Halim Rasip	-	-	39,900 <sup>(2)</sup>	0.029
YM Tunku Abdul Aziz Bin Tunku Ibrahim	-	-	405,000 <sup>(3)</sup>	0.289
Dato' Tan Ang Meng	-	-	-	-

### NOTES

- Deemed interest by virtue of his daughter's direct shareholding and her indirect shareholding in Capital Dynamics Asset Management Sdn. Bhd.
- Deemed interest by virtue of his shareholding in Halim Rasip Holdings Sdn Bhd.
- Deemed interest by virtue of his spouse's direct shareholdings.

## ANALYSIS OF SHAREHOLDINGS

Substantial Shareholder	Direct		Indirect	
	No.	%	No.	%
City of London Investment Management Company Ltd	-	-	13,829,700	9.88

### Thirty Largest Shareholders

No	Name	No. of Shares	%
1.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for The Bank of New York Mellon (Mellon Acct)	10,689,700	7.635
2.	Chong Ah Him @ Chong Kum Kwan	4,300,000	3.071
3.	Tunku Sara Binti Tunku Ahmad Yahaya	2,800,000	2.000
4.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for The Bank of New York Mellon (BNYM AS E&A)	2,534,400	1.810
5.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Credit Suisse Securities (Europe) Limited (CLTAC N-Treaty)	2,208,440	1.577
6.	Lam Fook Shin	2,019,100	1.442
7.	AnnHow Holdings Sdn. Bhd.	2,000,000	1.428
8.	Maybank Nominees (Tempatan) Sdn. Bhd. Yeoh Ah Tu	1,737,000	1.240
9.	Ocuvas Sdn. Bhd.	1,370,000	0.978
10.	Leow Kok Meow & Sons Sendirian Berhad	1,250,000	0.892
11.	Wong Yoon Tet	1,080,000	0.771
12.	Vohrah-Merican Sdn. Bhd.	1,078,200	0.770
13.	Lai Hui Eng	1,070,400	0.764
14.	Lee Siew Lin	1,020,000	0.728
15.	Tong Chong Kong	1,010,000	0.721
16.	Soon Khiat Voon	1,002,000	0.715
17.	Loh Kian Chong	950,000	0.678
18.	Heng Kim Siang	911,100	0.650
19.	Yeoh Ah Tu	800,000	0.571
20.	Goh Eng Ngai	714,400	0.510
21.	Lee Hau Hian	700,000	0.500
22.	Capital Dynamics Asset Management Sdn Bhd	689,000	0.492
23.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Heng Seong (M0016)	667,000	0.476
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kevin Lee @ Lee Tien Se (E-LBG)	665,000	0.475
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kevin Lee @ Lee Tien Se	658,000	0.470
26.	Beh Heng Seong	656,200	0.468
27.	Wong Hui Beng	640,000	0.457
28.	Soo Sing Fatt	600,000	0.428
29.	Lee Kek Siong	554,500	0.396
30.	Lai Yoon Kee	551,500	0.393

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Tenth Annual General Meeting of **icapital.biz Berhad** will be held at Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, on Saturday, 11 October 2014 at 9.00 a.m. for the following purposes:-

## AGENDA

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1.	To receive the Audited Financial Statements for the financial year ended 31 May 2014 and the Reports of the Directors and Auditors thereon.	(Please refer Explanatory Note 1)
2.	To approve the payment of Directors' Fees of RM263,452.00 for the financial year ended 31 May 2014.	<b>Resolution 1</b>
3.	To re-elect Dato' Tan Ang Meng who retires by rotation pursuant to Article 96(1) of the Company's Articles of Association.	<b>Resolution 2</b>
4.	To re-appoint Messrs Crowe Horwath as Auditors of the Company and authorise the Directors to fix their remuneration	<b>Resolution 3</b>

### Special Business

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- |    |   |                     |
|----|---|---------------------|
| 5. | To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-<br>"THAT YM Tunku Abdul Aziz Bin Tunku Ibrahim who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company" | <b>Resolution 4</b> |
| 6. | To transact any other business for which due notice shall have been given pursuant to the Companies Act, 1965.  |                     |
- 

By Order of The Board

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

5 August 2014  
Kuala Lumpur

## NOTICE OF ANNUAL GENERAL MEETING

### 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. A member of the Company who is entitled to attend and vote at a meeting of the Company may appoint not more than two (2) proxies to attend, speak and vote instead of the member at the meeting.
3. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, can appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy shall be executed by the appointor or any person duly authorised by the appointor or, if the appointor is a corporation, executed by a duly authorised person or under its common seal or in any other manner authorised by its constitution.
7. The appointment of a proxy may be made in a hard copy form or by electronic means.

#### **(i) In hard copy form**

In the case of an appointment made in hard copy form, be deposited at the Company's Registered Office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting at which the person named in the appointment proposes to vote.

#### **(ii) By electronic means**

In the case of an appointment made by electronic means, be received via facsimile at fax number 603-22822733 not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote. Any authority pursuant to which such an appointment is made or a copy of the authority, certified notarially or in some other manner approved by the Board, must, if required by the Board, be received at the Company's Registered Office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 7 October 2014. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, speak and vote on his/her behalf.

### Explanatory Notes

#### **(a) Item 1 of the Agenda:**

The Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the share owners for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

#### **(b) Resolution 4:-**

The re-appointment of YM Tunku Abdul Aziz Bin Tunku Ibrahim, 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 this proposed Resolution is passed by a majority of not less than three-fourths ( $\frac{3}{4}$ ) 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.

### **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 2014, 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 Tenth Annual General Meeting.



## Statement Accompanying the Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### **DIRECTORS WHO ARE STANDING FOR RE-APPOINTMENT:**

The details of YM Tunku Abdul Aziz Bin Tunku Ibrahim who is standing for re-appointment are set out in the Directors' Profile on page 25 of this Annual Report.

### **Note:**

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya who is due for re-appointment as Director pursuant to Section 129(2) of the Companies Act, 1965 has indicated to the Company that he will not be seeking re-appointment at the Tenth Annual General Meeting. Therefore, YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya shall cease to be a Director of the Company at the conclusion of the Tenth Annual General Meeting.





# Corporate Information

## Board of Directors

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

**Datuk Ng Peng Hong @ Ng Peng Hay**  
(Deputy Chairman / Senior Independent Non-Executive Director)

**David Loo Kean Beng**  
(Independent Non-Executive Director)

**Harun Bin Halim Rasip**  
(Independent Non-Executive Director)

**YM Tunku Abdul Aziz Bin Tunku Ibrahim**  
(Independent Non-Executive Director)

**Dato' Tan Ang Meng**  
(Independent Non-Executive Director)

## Audit Committee

### Chairman :

Harun Bin Halim Rasip

### Members :

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

David Loo Kean Beng

Dato' Tan Ang Meng

## Nomination Committee

### Chairman :

Datuk Ng Peng Hong @ Ng Peng Hay

### Members :

YM Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

David Loo Kean Beng

Harun Bin Halim Rasip

## Stock Exchange Listing

Main Market of Bursa Securities  
Date of listing: 19 October 2005  
Stock Name: ICAP  
Stock Code: 5108

## 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  
**Website :** www.cdam.biz

## 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  
(603) 2070 1654/75  
**Fax No :** (603) 2070 2103  
**Email :** cdsb@icapital.biz  
**Website :** www.icapital.biz

## Administrator

**Tricor Business Services Sdn. Bhd.**  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

## Custodian

**Deutsche Bank (Malaysia) Berhad**  
Level 18-20 Menara IMC  
No. 8 Jalan Sultan Ismail  
50250 Kuala Lumpur

## Fund's Website

[www.icapital.my](http://www.icapital.my)

## Registered Office

Level 18, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
**Tel No :** (603) 2264 8888  
**Fax No :** (603) 2282 2733  
**Email :** info@my.tricorglobal.com

## Registrar

**Tricor Investor Services Sdn. Bhd.**  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
**Tel No. :** (603) 2264 3883  
**Fax No.:** (603) 2282 1886

## Secretaries

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

## Auditors

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

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