

# icapital.biz Berhad

(674900-X)

## **2016 Annual Report**

## 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.

## 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.

## HOW TO EVALUATE YOUR FUND



The appropriate tool to evaluate the performance of your Fund is its Net Asset Value and not by looking at its earnings or earnings per share or its profit and loss statement.

## 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 them, please contact the Investment Adviser, Capital Dynamics Sdn Bhd or visit [www.icapitaleducation.biz](http://www.icapitaleducation.biz).

## 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) 2783 9191, at fax no (603) 2783 9111 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 [cdsb@icapital.biz](mailto:cdsb@icapital.biz).

## HOW DID WE DO?

In this section we review the performance of icapital.biz Berhad.

### A | LETTER TO SHARE OWNERS

For the financial year ended 31 May 2016, our Fund recorded a total revenue of RM44.035 million, an increase of RM22.228 million or 102% compared with the corresponding period last year. Our Fund recorded a pretax profit of RM23.718 million for the year ended 31 May 2016, compared with a pretax profit of RM11.391 million for the last financial year. The increase in pretax profit was due to higher profit levels from the sale of securities. Hence, compared with an after-tax profit of RM10.482 million in the last financial year, our Fund recorded an after-tax profit of RM21.360 million for the current financial year.

In appraising the performance of our Fund, its net asset value (NAV) is the key variable to focus on instead of the net profits made as our Fund's primary investment objective is long-term capital appreciation. The NAV of our Fund rose 4% from RM2.90 per share on 31 May 2015 to RM3.03 per share on 31 May 2016.

The past one year has been a challenging and tough year as most of the global markets and economies remain sluggish due to the endless political and socio-economic crises that have plagued many countries and economies. The situation is worsening as even the developed economies were not spared. With all these negative developments brewing, the prospects of a quick recovery for our Bursa Malaysia and the rest of the markets and economies remain uncertain.

As a contingency measure, we should take this opportunity to prepare ourselves for the inevitable and further grow our wealth by investing in your Fund. I am sure share owners who have invested in your Fund since the beginning or many years ago would have benefited from the investments.

The statistics of your Fund have continued to show that your Fund has performed beyond expectations despite the bearish market sentiments. Your fund's NAV per share as at 19 July 2016 has further increased to RM3.07 from RM3.03 as at the financial year ended 31 May 2016.

Again, the key to success of your Fund lies with its investment policy and objectives. For the benefit of the newer share owners, your Fund's primary investment policy and objectives are long-term value investing focusing on capital appreciation of its investments whilst dividend and/or interest income from these investments would be of secondary consideration.

Your Board, your Fund Manager and your Investment Adviser will continue to work hard to ensure the interest of all share owners are well-protected, especially when more than 70% of your Fund are held by small owners who have entrusted their hard-earned money and hope with your Fund.

In doing so, your Board will also revisit the commitment and fulfill the wishes made by the share owners way back at the Extraordinary General Meeting held in 2009 ("2009 EGM") where the share owners had voted to retain your Fund's investment policy and objectives. In the said 2009 EGM, your Board has committed to revisit the issue on the investment policy at the appropriate time. Together with your Fund Manager and Investment Adviser, your Board will explore other alternatives to benefit the share owners. This would also put a closure to the wishes of the share owners and the commitment made by your Board at the 2009 EGM.

On behalf of your Board, I would like to welcome Madam Leong So Seh as the latest Board member. With Madam Leong's past regulatory experience, your Board trusts that she would be able to contribute positively to your Fund especially in areas such as corporate governance, risk management, etc.

I however regret to inform the share owners that due to personal priorities, Mr David Loo Kean Beng and Encik Harun Bin Halim Rasip who have been on your Board since 2008 and 2010 respectively, will not be seeking re-election upon their retirement at the conclusion of the 12th Annual General Meeting. On behalf of your Board, I wish to thank them both for their past services and wish them all the best in their future endeavours.

Last but not least, your Board together with your Fund Manager and Investment Adviser, would like to wish all our share owners, a productive year ahead.

**Datuk Ng Peng Hong @ Ng Peng Hay**  
Chairman  
19 July 2016

## B WHAT WE HAVE DONE WITH YOUR FUNDS



### i. INVESTMENT PORTFOLIO

The purchases/subscriptions made since 31 May 2015 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.

### ii. INVESTMENTS SOLD

For the financial year ended 31 May 2016, your Fund sold all its 3,728,640 shares of P.I.E. Industrial Berhad, 801,000 shares of Wellcall Holdings Berhad and 453,500 shares of Vitrox Corporation Berhad. These sales generated realised gains of RM30.858 million with a cost of RM10.610 million.

As at 31 May 2016, your Fund invested RM91.399 million with a market value of RM126.022 million, giving unrealised gains of RM50.036 million. Of your Fund's investments as at 31 May 2016, Padini Holdings Berhad, Fraser & Neave Holdings Bhd and Suria Capital Holdings Bhd have substantial unrealised gains.

### iii. INVESTMENTS MADE

For the financial year ended 31 May 2016, your Fund received 579,099 shares as share dividend from Parkson Holdings Berhad and subscribed to 2,479,140 rights shares of Boustead Holdings Berhad.

Chart 1: Purchases made since 31 May 2015 ('000 shares)

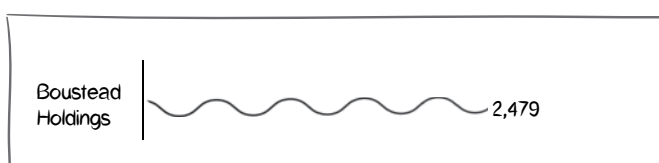


Chart 2: Market Value of Holdings as at 19 Jul 2016 (RM '000)

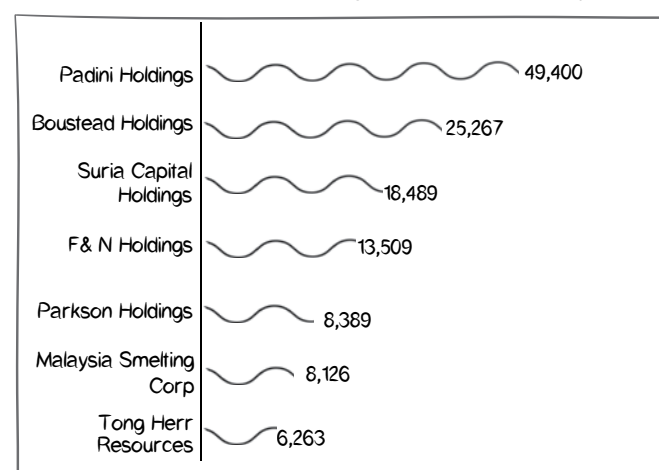
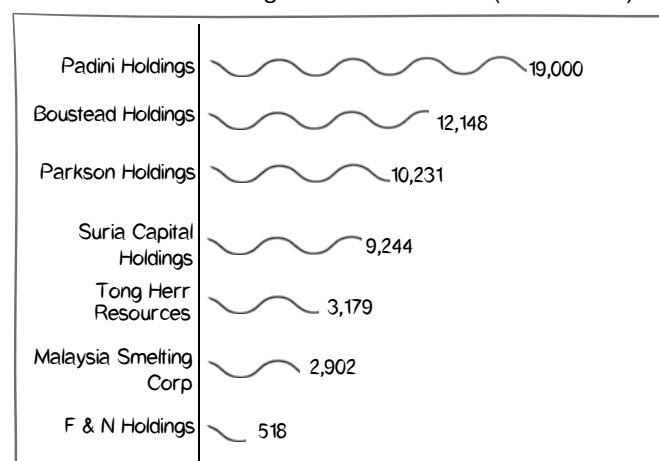


Chart 3: Size of Holdings as at 19 Jul 2016 ('000 shares)



### iv. PERFORMANCE: NAV & MARKET PRICE

Since its listing on 19 October 2005, the NAV per share of your Fund rose from RM0.99 to RM3.03 by 31 May 2016 – see Chart 4. This represents a gain of 206%. Since its

## WHAT WE HAVE DONE WITH YOUR FUNDS

listing on 19 October 2005, the market price of your Fund rose from RM1.01 to RM2.29 by 31 May 2016. This represents a gain of 127%. During the same period, the FBMKLCI rose by 78%.

Chart 4: Gain from 19 Oct 2005 to 19 Jul 2016

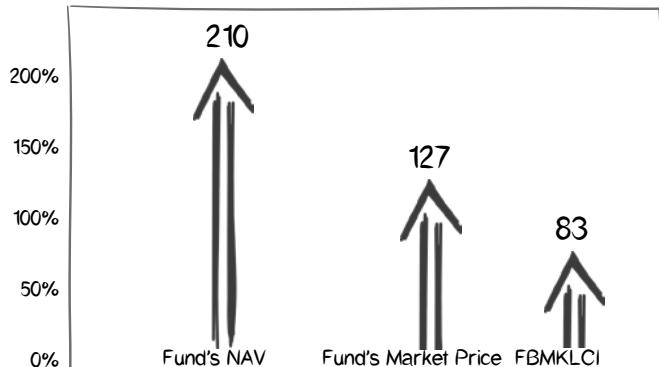
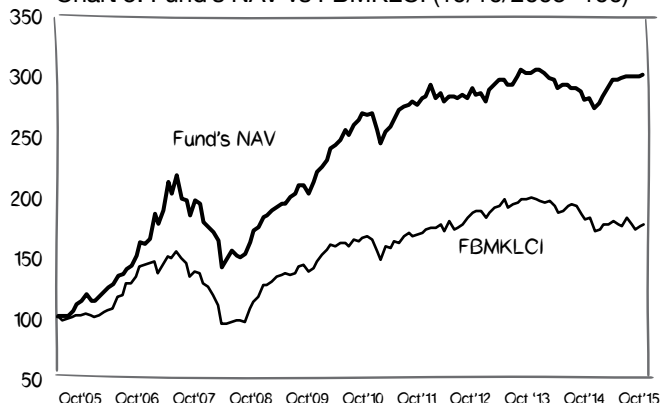


Chart 5 shows the performance of your Fund's NAV in comparison with the FBMKLCI.

Chart 5: Fund's NAV vs FBMKLCI (19/10/2005=100)



From 1 June 2015 to 31 May 2016, the NAV per share of your Fund increased from RM2.90 to RM3.03 (a gain of 4%) and the market price fell from RM2.32 to RM2.29 (a loss of 1%). In the same period, FBMKLCI lost 7%.

The performance of icapital.biz Berhad since its listing is shown in Tables 1 and 2.

Table 1 : Cumulative Return From 19 Oct 2005 To 31 Dec

Ending Date	Fund's NAV (%)	Fund's Market Price (%)	Fund's Cash Level (%)	FBM KLCI (%)
2005	0.00	8.00	62.39	-1.57
2006	38.38	46.00	33.79	19.92
2007	125.25	162.00	15.58	58.07
2008	58.59	39.00	32.97	-4.09
2009	101.01	74.00	10.51	39.23
2010	157.58	109.00	29.87	66.15
2011	175.76	105.00	34.92	67.44
2012	195.96	137.00	34.34	84.75
2013	211.48	147.37	50.73	104.22
2014	203.21	140.16	63.16	92.66
2015	211.48	137.06	61.76	85.14
19 Jul 16	215.62	133.97	69.73	82.74

Table 2 : Annualised Return From 19 Oct 2005 To 31 Dec

Ending Date	Fund's NAV (%)	Fund's Market Price (%)	Fund's Cash Level (%)	FBM KLCI (%)
2005	0.00	46.93	62.39	-7.62
2006	31.09	37.08	33.79	16.34
2007	44.65	54.93	15.58	23.14
2008	15.49	10.83	32.97	-1.30
2009	18.07	14.09	10.51	8.19
2010	19.94	15.22	29.87	10.25
2011	17.77	12.27	34.92	8.67
2012	16.25	12.72	34.34	8.89
2013	14.85	11.67	50.73	9.09
2014	12.81	9.98	63.16	7.38
2015	11.78	8.83	61.76	6.22
19 Jul 16	11.28	8.22	69.73	5.77

## v. WHAT WE THINK

### 12th AGM and the 2016 Investor Day

Since 2010, icapital.biz Berhad, together with Capital Dynamics, has been conducting an annual Investor Day (with the unfortunate exception of 2012). Last year, about 11,000 people registered for this unique investor event. Amidst the political uncertainties facing Malaysia, a key message of last year's Investor Day was centred on the theme : "Where is the Love ? Where are we really heading ? The Malaysian Story"

Sharing with thousands of Malaysians in the Plenary Hall of the KLCC on the need to keep faith and reminding them that every Malaysian can make this young nation a better nation, I asked: why have Malaysians forgotten about love ? Amidst the often fierce political battles, where is the love ?

As the song "Where Is The Love ?" from The Black Eyed Peas played in the background of the 2015 Investor Day, the audience cried. I share extracts of this meaningful song below:

“ But if you only have love for your own race  
Then you only leave space to discriminate  
And to discriminate only generates hate  
And when you hate then you're bound to get irate, yeah.

Madness is what you demonstrate  
And that's exactly how anger works and operates  
Man, you gotta have love just to set it straight  
Take control of your mind and meditate  
Let your soul gravitate to the love.

Yo, whatever happened to the values of humanity?

Whatever happened to the fairness and equality?  
Instead in spreading love we're spreading animosity  
Lack of understanding, leading us away from unity.



That's the reason why sometimes I'm feelin' under.  
That's the reason why sometimes I'm feelin' down.  
There's no wonder why sometimes I'm feelin' under.  
Gotta keep my faith alive till love is found.

”

icapital.biz Berhad is not your usual listed closed — end fund. While achieving superior long-term capital appreciation is a key objective, it was also set up with social responsibilities in mind, set against the Malaysian context. The importance of goodness and the sharing of goodness matter to Tan Teng Boo, the promoter and founder of icapital.biz Berhad.

“

Confucius's disciples frequently asked him to define goodness. He would give each of them a different answer each time, depending on the situation. That's because Confucian goodness is not something you can define in the abstract. It's the ability to respond well to others; the development of a sensibility that enables you to behave in ways that are good for those around you and to draw out their own better sides.

”

The above quotation is taken from “The Path: What Chinese Philosophers Can Teach Us about The Good Life”, a remarkable book written by Professor Michael Puett from Harvard University.

icapital.biz Berhad is the only listed company on Bursa Malaysia to conduct such an Investor Day, an event that aims to spread goodness all round and assist fellow Malaysian investors, especially retail investors, who lack the resources of the larger institutional investors, in investing better and leading a better life.

For your Fund to succeed year in, year out, attracting the right owners is very crucial. This year, the 2016 Investor Day of icapital.biz Berhad will be held on 24th September (after the 12th Annual General Meeting which will be conducted in the morning) and 25th September at the KLCC. Please refer to the attached flyer for more details.

To our share owners, do come and gain from your Annual General Meeting and Investor Day; bring your family, your friends, your colleagues and make Asia's most innovative investment event even more successful than before.

## US Monetary Policy and Us

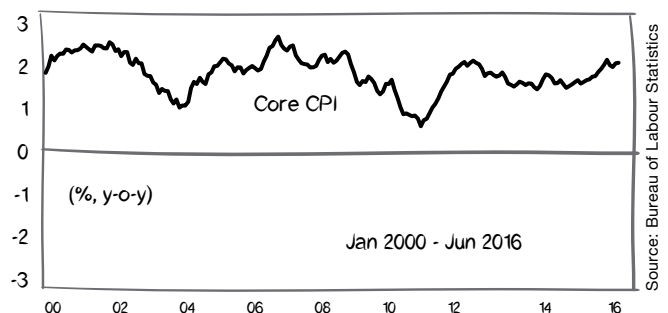
As expected by almost everyone, the US Federal Open Market Committee (FOMC) voted to leave interest rate unchanged after its 27th July 2016 meeting. The statement from the said meeting did not contain anything that the other statements have not mentioned. In terms of clues, it appears that the US Federal Reserve is again hinting that it is ready to hike the rate. For example, the phrase “near-term risks to the economic outlook have diminished” is one hawkish clue (which Janet Yellen can unfortunately easily reverse when it suits her). China was not a scapegoat this time, and it was like the Brexit crisis had never happened. Another hawkish clue is the message that the US labour market has “strengthened”, which is an upgrade from June's statement saying that the pace of improvement had slowed. In another hawkish clue, it described US household spending as strong. What about inflation, the bugbear of Janet Yellen? July's statement was not as dovish as June's, in which the Federal Reserve noted that inflation had declined. This time, it said that inflation remained low.

As we all go on guessing what is ticking in the minds of the FOMC, investors should think about this. There are 3 possibilities facing the US pricing environment.

One, the US inflation rate could go down for years on end like it did after 1982. Two, the US inflation rate could go up non-stop like it did from the mid-Sixties until 1982. With the present-day US inflation rate this low, scenario one is out of question, unless one sees severe deflation for the US economy for many years to come. Scenario two is also highly unlikely, given the current insufficient global aggregate demand. This leaves the 3rd possibility – the US inflation rate essentially moves sideways.

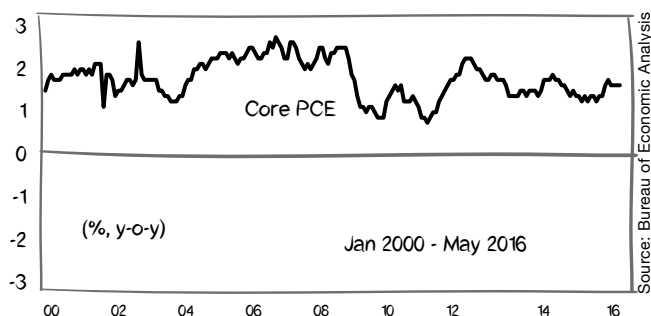
Scenario three seems to be what has been happening. Chart 6 shows the core consumer price index. Chart 7 shows the core PCE price index. Charts 6 and 7 are intentionally drawn to show that the US economy is far from a Japanese-style of deflationary attack. Even during the depths of the 2008 US-led global financial crisis, the US economy was nowhere near deflation, let alone sustained deflation.

Chart 6: Core Consumer Price Index



## WHAT WE HAVE DONE WITH YOUR FUNDS

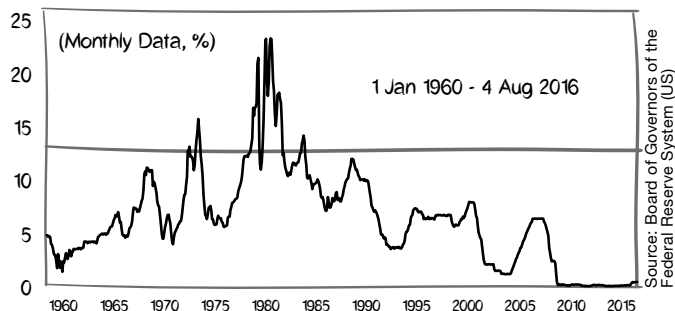
Chart 7: Core Personal Consumption Expenditure (Core PCE)



If these price indices continue to behave in this manner even as the US labour market tightens further, what would happen to US monetary policy?

The Federal Reserve can choose to allow the almost-zero federal funds target rate to remain near zero – see chart 8.

Chart 8: Effective Federal Funds Rate



One consequence of this would be soaring asset prices. We all know that the New York Stock Exchange is already richly valued. Should investors be convinced that the almost zero federal funds target rate will remain near zero for a prolonged period, the already richly valued US equity markets will become more overvalued. As the US Office of Financial Research (OFR) warned recently:

“Even after the market turmoil in early 2016 and after the U.K. referendum, U.S. equity prices remain high according to several metrics discussed in a 2015 OFR brief. The cyclically adjusted price-to-earnings ratio (CAPE), the Q-ratio, and the Buffett Indicator are much higher than their long-term averages. The CAPE ratio has only reached its current level ahead of the three largest equity market declines in the last century.”

As for property prices, the US OFR also warned:

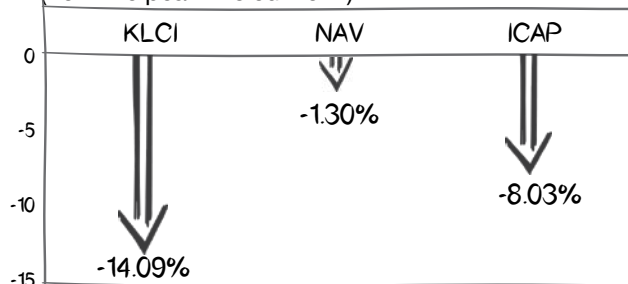
“Commercial real estate prices climbed rapidly from 2010 to 2015 .... with an average growth rate faster than that of the expansion before the financial crisis. The rapid increase is generally attributed to low interest rates and low vacancy rates. However, such large and rapid price increases can make an asset market more susceptible to large price declines, whether caused by a change in fundamental factors, like vacancy rates, or other shocks.”

The question under scenario three then becomes simple. Even if US inflation rates move sideways like what they have done for years on end, can the present almost-zero federal funds rate remain near zero for a prolonged period without exposing the US economy to devastating consequences? A logical and objective answer would be no. Under such a development, the US asset prices would reach crazy levels and the US economy would be severely exposed to financial instability and its destructive aftermath. In short, the logical extension of our argument is that the US Federal Reserve is running out of precious time to hike the interest rate, even if the core US inflation rate does not reach 2% and stay there forever. For now, the US Federal Reserve can play politics by deferring any rate hikes. After November 2016, they may have to deal with a new combative rookie Republican president.

At the time of writing this, your Fund has more than RM300 million cash and near cash (or RM2.14 cash per share), compared with RM261 million around this time last year. As your fund manager, I do not deploy a high cash strategy. As explained many times previously, the high cash level is a by-product of the fact that the Kuala Lumpur stock market has been richly valued. The KLCI is currently trading around at PE-ratio of 19 times against a backdrop of declining corporate earnings.

As a matter of fact, the high cash level has protected your Fund's NAV. Chart 9 shows the performance of the KLCI from its peak on 8th July 2014 until 31st May 2016 and the NAV of icapital.biz Berhad. The KLCI has lost 14.1%; your Fund's NAV has, during the same period, held its ground to a very large extent and its price fell 8.03%. On an annualised basis, the KLCI lost 7.69% while your Fund's NAV fell 0.69%, its price dropping 4.31%.

Chart 9: Performance as at 31 May 2016 (from the peak in 8 Jul 2014)



Volatility is the up and down movements of stock prices or indices. Investment risk is the permanent loss of capital. The eclectic value investing philosophy of Capital Dynamics is aimed at managing investment risk, not volatility; hence its focus on seeking attractively valued stocks, not on chasing stock prices. When there are companies yielding sufficient margin of safety, the cash assets of your Fund will be deployed. When it is right for the cash level to drop, it will drop.

Lastly, I would like to express my sincere welcome to Madam Leong So Seh as a new director of your Board.

**Tan Teng Boo**  
Designated Person  
Capital Dynamics Asset Management Sdn Bhd  
19 July 2016

## 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, pelaburan akan dipilih berdasarkan kepada harga pasaran dan nilai dasar pelaburan tersebut.

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

## 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.

## BAGAIMANA MENILAI DANA ANDA

Kaedah yang sesuai untuk menilai prestasi Dana anda adalah dengan melihat pada Nilai Aset Bersihnya dan bukannya melihat pada pendapatan atau pendapatan sesaham atau penyata untung ruginya.

## 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 dana unit amanah 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).

## 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) 2783 9191, nombor faks (603) 2783 9111 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).

## BAGAIMANA KAMI LAKUKAN?

Dalam sekjen ini kami meninjau prestasi icapital.biz Berhad

### A | SURAT KEPADA PEMILIK SAHAM

Bagi tahun kewangan berakhir 31 Mei 2016, Dana kita telah merekodkan jumlah perolehan sebanyak RM44.035 juta, kenaikan sebanyak RM22.228 juta atau 102% berbanding tempoh yang sama pada tahun sebelumnya. Dana kita juga merekodkan keuntungan sebelum cukai sebanyak RM23.718 juta bagi tahun berakhir 31 Mei 2016, berbanding keuntungan sebelum cukai sebanyak RM11.391 juta bagi tahun kewangan lepas. Peningkatan bagi keuntungan sebelum cukai adalah disebabkan oleh tahap keuntungan yang tinggi hasil dari penjualan sekuriti. Oleh itu, berbanding keuntungan selepas cukai sebanyak RM10.482 juta pada tahun kewangan lepas, Dana kita merekodkan keuntungan selepas cukai sebanyak RM21.360 juta bagi tahun kewangan semasa.

Dalam menilai prestasi Dana kita, nilai asset bersih (NAB) adalah pembolehubah utama yang perlu diberikan tumpuan, bukannya keuntungan bersih, kerana objektif utama pelaburan Dana kita adalah untuk menjana peningkatan modal jangka panjang. NAB Dana kita telah meningkat sebanyak 4% daripada RM2.90 sesaham pada 31 Mei 2015 kepada RM3.03 sesaham pada 31 Mei 2016.

Setahun yang berlalu merupakan tahun yang sukar dan mencabar apabila kebanyakan pasaran global dan ekonomi kekal lembap disebabkan oleh krisis politik dan sosio-ekonomi yang tidak berkesudahan, melanda kebanyakan negara dan ekonomi. Situasi ini menjadi bertambah buruk apabila negara-negara maju juga tidak terkecuali. Dengan semua perkembangan negatif yang berlaku, prospek pemulihan yang pantas bagi Bursa Malaysia dan pasaran-pasaran lain kekal tidak menentu.

Sebagai langkah pencegahan, kita haruslah mengambil peluang ini untuk menyiapkan diri kita daripada perkara yang tidak dapat dielakkan dan menambahkan lagi kekayaan kita dengan melabur di dalam Dana anda. Saya pasti pemilik saham yang telah melabur di dalam Dana anda sejak awal atau bertahun-tahun lalu telah mendapat manfaat daripada pelaburan mereka.

Statistik Dana anda terus menunjukkan bahawa Dana anda telah mencapai prestasi melangkaui jangkaan walaupun berada dalam sentimen pasaran yang merudum. Pada 19 Julai 2016, NAB sesaham Dana anda terus meningkat kepada RM3.07 daripada RM3.03 pada tahun kewangan berakhir 31 Mei 2016.

Sekali lagi, kunci kejayaan Dana anda terletak pada objektif dan polisi pelaburannya. Bagi manfaat pemilik saham yang baru, objektif utama polisi pelaburan Dana anda adalah pelaburan jangka panjang berasaskan nilai yang memberi tumpuan kepada peningkatan modal pelaburan manakala dividen dan/atau pendapatan faedah dari hasil pelaburan tersebut merupakan pertimbangan sekunder.

Lembaga Pengarah, Pengurus Dana dan Penasihat Pelaburan anda akan terus bekerja keras bagi memastikan kepentingan semua pemilik saham akan terus dilindungi dengan baik, terutamanya apabila lebih 70% daripada Dana anda dimiliki oleh pemilik-pemilik kecil yang telah mengamanahkan wang hasil titik peluh mereka dan menaruh harapan pada Dana anda.

Dalam usaha tersebut, Lembaga Pengarah anda juga akan mengkaji semula komitmen dan memenuhi hasrat pemilik saham pada Mesyuarat Agung Luar Biasa yang telah diadakan pada tahun 2009 ("EGM 2009") di mana pemilik saham telah mengundi untuk mengekalkan objektif dan polisi pelaburan Dana anda. Dalam EGM 2009 tersebut, Lembaga Pengarah anda telah komited untuk mengkaji kembali isu polisi pelaburan ini pada masa yang sesuai. Bersama-sama dengan Pengurus Dana dan Penasihat Pelaburan anda, Lembaga Pengarah anda akan meneroka alternatif lain yang akan memberi manfaat kepada pemilik saham. Ini juga akan memberi penutupan kepada kehendak pemilik saham dan komitmen yang telah dibuat oleh Lembaga Pengarah pada EGM 2009.

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan selamat datang kepada Puan Leong So Seh sebagai ahli Lembaga Pengarah yang baru. Dengan pengalaman kawal selia Puan Leong sebelum ini, Lembaga Pengarah percaya bahawa beliau akan dapat memberi sumbangan yang positif kepada Dana anda terutamanya dalam bidang seperti tadbir urus korporat, pengurusan risiko, dan lain-lain.

Walaubagaimanapun, saya dengan dukacitanya memaklumkan kepada pemilik saham bahawa Encik David Loo Kean Beng dan Encik Harun Bin Halim Rasip yang telah berada di Lembaga Pengarah sejak tahun 2008 dan tahun 2010, tidak akan memohon untuk pemilihan semula selepas bersara pada akhir Mesyuarat Agung Tahunan ke-12 atas sebab keutamaan peribadi. Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada mereka atas perkhidmatan yang telah diberikan dan mengharap yang terbaik buat mereka pada masa hadapan.

Akhir sekali, Lembaga Pengarah bersama-sama dengan Pengurus Dana dan Penasihat Pelaburan anda, mendoakan tahun hadapan yang produktif kepada semua pemilik saham.

**Datuk Ng Peng Hong @ Ng Peng Hay**  
Pengerusi  
19 Julai 2016

## APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA



### i. PORTFOLIO PELABURAN

Pembelian/langganan yang dilakukan sejak 31 Mei 2015 dan portfolio semasa, disenaraikan mengikut nilai pasaran setiap saham dan kuantiti yang dipegang ditunjukkan dalam Carta 1, 2, dan 3.

### ii. PELABURAN YANG TELAH DIJUAL

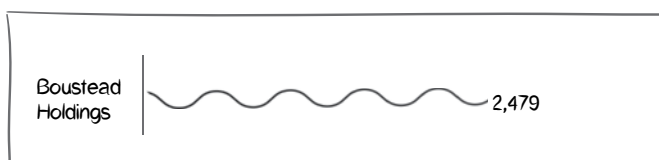
Bagi tahun kewangan berakhir 31 Mei 2016, Dana anda telah menjual kesemua 3,728,640 saham P.I.E Industrial Berhad, 801,000 saham Wellcall Holdings Berhad dan 453,500 saham Vitrox Corporation Berhad. Penjualan ini telah menghasilkan keuntungan yang direalisasikan sebanyak RM30.858 juta dengan kos pembelian sebanyak RM10.610 juta.

Pada 31 Mei 2016, Dana anda telah melabur sejumlah RM91.399 juta dengan nilai pasaran sebanyak RM126.022 juta, memberikan keuntungan yang belum direalisasi sebanyak RM50.036 juta. Di antara pelaburan Dana anda pada 31 Mei 2016, Padini Holdings Berhad, Fraser & Neave Holding Bhd dan Suria Capital Holdings Bhd mencatat keuntungan yang belum direalisasi terbesar.

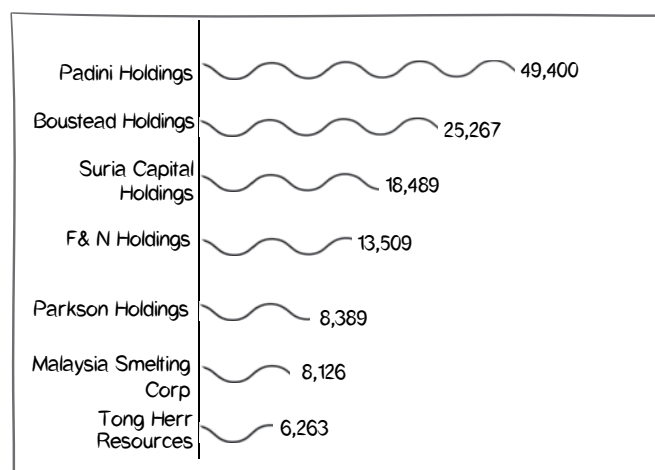
### iii. PELABURAN YANG TELAH DIBUAT

Pada tahun kewangan berakhir 31 Mei 2016, Dana anda telah menerima 579,099 saham sebagai saham dividen dari Parkson Holdings Berhad dan melanggan sebanyak 2,479,140 saham terbitan hak Boustead Holdings Berhad.

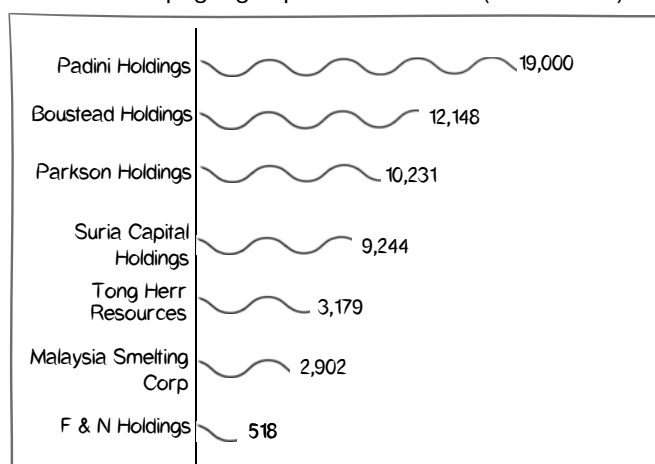
Carta 1 : Pembelian yang dibuat sejak 31 Mei 2015 ('000 saham)



Carta 2 : Nilai pasaran pegangan pada 19 Jul 2016 (RM '000)



Carta 3 : Saiz pegangan pada 19 Jul 2016 ('000 saham)



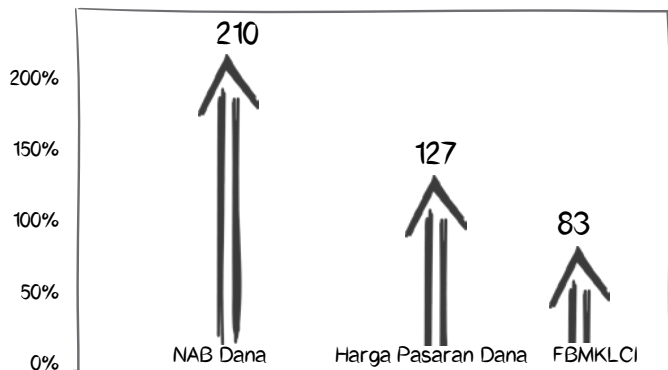
### iv. PRESTASI : NAB DAN HARGA PASARAN

Sejak disenaraikan pada 19 Oktober 2005, NAB sesaham Dana anda telah meningkat dari RM0.99 kepada RM3.03 pada 31 Mei 2016 – lihat Carta 4. Ini merupakan peningkatan sebanyak 206%. Sejak penyenaiaannya pada 19 Oktober 2005, harga pasaran Dana anda telah

## APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA

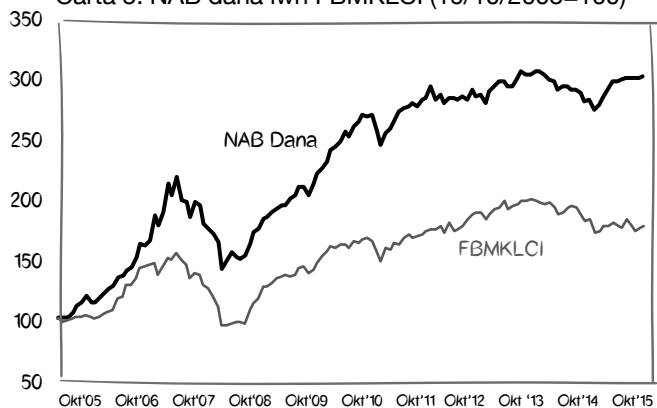
meningkat dari RM1.01 kepada RM2.29 pada 31 Mei 2016. Ini merupakan kenaikan sebanyak 127%. Dalam tempoh yang sama, FBMKLCI hanya menokok sebanyak 78%.

Carta 4 : Pulangan dari 19 Okt 2005 hingga 19 Jul 2016



Carta 5 menunjukkan prestasi NAB Dana anda dibandingkan dengan FBMKLCI.

Carta 5: NAB dana lwn FBMKLCI (19/10/2005=100)



Dari 1 Jun 2015 hingga 31 Mei 2016, NAB sesaham Dana anda telah meningkat dari RM2.90 kepada RM3.03 (keuntungan sebanyak 4%) dan harga pasaran Dana anda telah menurun dari RM2.32 kepada RM2.29 (kerugian sebanyak 1%). Dalam tempoh yang sama, FBMKLCI telah merosot 7%.

Prestasi icapital.biz Berhad sejak disenaraikan adalah seperti yang ditunjukkan dalam Jadual 1 dan 2.

Jadual 1 : Pulangan Terkumpul Dari 19 Okt 2005 Hingga 31 Dis

Tarikh Berakhir	NAB Dana (%)	Harga Pasaran Dana (%)	Tahap Tunai Dana (%)	FBM KLCI (%)
2005	0.00	8.00	62.39	-1.57
2006	38.38	46.00	33.79	19.92
2007	125.25	162.00	15.58	58.07
2008	58.59	39.00	32.97	-4.09
2009	101.01	74.00	10.51	39.23
2010	157.58	109.00	29.87	66.15
2011	175.76	105.00	34.92	67.44
2012	195.96	137.00	34.34	84.75
2013	211.48	147.37	50.73	104.22
2014	203.21	140.16	63.16	92.66
2015	211.48	137.06	61.76	85.14
19 Jul 16	215.62	133.97	69.73	82.74

Jadual 2 : Pulangan Tahunan Dari 19 Okt 2005 Hingga 31 Dis

Tarikh Berakhir	NAB Dana (%)	Harga Pasaran Dana (%)	Tahap Tunai Dana (%)	FBM KLCI (%)
2005	0.00	46.93	62.39	-7.62
2006	31.09	37.08	33.79	16.34
2007	44.65	54.93	15.58	23.14
2008	15.49	10.83	32.97	-1.30
2009	18.07	14.09	10.51	8.19
2010	19.94	15.22	29.87	10.25
2011	17.77	12.27	34.92	8.67
2012	16.25	12.72	34.34	8.89
2013	14.85	11.67	50.73	9.09
2014	12.81	9.98	63.16	7.38
2015	11.78	8.83	61.76	6.22
19 Jul 16	11.28	8.22	69.73	5.77

## v. PENDAPAT KAMI

### Mesyuarat Agung Tahunan (MAT) ke-12 dan Hari Pelabur 2016

Sejak 2010, icapital.biz Berhad, bersama-sama Capital Dynamics, telah mengendalikan Hari Pelabur tahunan (dengan pengecualian 2012). Pada tahun lepas, kira-kira 11,000 orang telah mendaftar untuk acara pelabur yang unik ini. Di tengah-tengah ketidaktentuan politik yang dihadapi oleh Malaysia, mesej utama Hari Pelabur pada tahun lepas menekankan kepada tema: “Di manakah cinta ? Ke mana sebenarnya hala tuju kita? Sebuah Kisah Malaysia”

Perkongsian dengan ribuan rakyat Malaysia di Dewan Plenari KLCC mengenai perlunya mengekalkan kepercayaan dan mengingatkan mereka bahawa setiap rakyat Malaysia boleh menjadikan negara yang masih muda ini, negara yang lebih baik. Saya bertanya kenapakah rakyat Malaysia lupa mengenai nilai kasih sayang? Di waktu perang politik yang sering sengit, dimanakah kasih sayang?

Seperti ketika lagu “Where is The Love?” dari The Black Eyed Peas dimainkan sebagai latar belakang Hari Pelabur 2015, penonton telah menangis. Saya kongsi ekstrak lagu bermakna ini di bawah:

“But if you only have love for your own race  
Then you only leave space to discriminate  
And to discriminate only generates hate  
And when you hate then you're bound to get irate, yeah.

Madness is what you demonstrate  
And that's exactly how anger works and operates  
Man, you gotta have love just to set it straight  
Take control of your mind and meditate  
Let your soul gravitate to the love.

Yo, whatever happened to the values of humanity?

Whatever happened to the fairness and equality?  
Instead in spreading love we're spreading animosity  
Lack of understanding, leading us away from unity.



That's the reason why sometimes I'm feelin' under.  
That's the reason why sometimes I'm feelin' down.  
There's no wonder why sometimes I'm feelin' under.  
Gotta keep my faith alive till love is found.

”

icapital.biz Berhad bukan sekadar Dana tertutup tersenarai biasa anda. Disamping menjadikan pertumbuhan modal jangka panjang yang unggul sebagai matlamat utama, ia juga telah ditubuhkan dengan tanggungjawab sosial dalam fikiran, dalam konteks Malaysia. Kepentingan nilai kebaikan serta perkongsian perkara kebaikan pada pemikiran Tan Teng Boo, yang merupakan penganjur dan pengasas icapital.biz Berhad:

“

“Pengikut Confucius sering meminta beliau untuk mendefinisikan kebaikan. Setiap kali beliau akan memberikan setiap seorang daripada mereka jawapan yang berbeza, bergantung kepada keadaan. Ini kerana kebaikan Confucian bukanlah sesuatu yang boleh anda definisikan secara abstrak. Ia adalah keupayaan untuk bertindak balas dengan baik kepada orang lain; mewujudkan kepekaan yang membolehkan anda melakukan sesuatu dengan cara yang baik untuk orang di sekeliling anda dan untuk menjadikan kedua-dua pihak diantara mereka agar menjadi lebih baik”

”

Petikan di atas diambil dari “The Path: What Chinese Philosophers Can Teach Us about The Good Life”, sebuah buku menakjubkan yang ditulis oleh Profesor Michael Puett dari Universiti Harvard.

icapital.biz Berhad adalah satu-satunya syarikat yang disenaraikan di Bursa Malaysia yang mengadakan acara seperti Hari Pelabur, yang bertujuan untuk menyebarkan segala kebaikan dan membantu para pelabur di Malaysia, terutamanya pelabur institusi, yang kekurangan sumber berbanding pelabur institusi yang lebih besar, untuk melabur dengan lebih baik bagi menjana kehidupan yang lebih baik.

Untuk Dana anda berjaya tahun demi tahun, adalah sangat penting untuk menarik pemilik yang betul. Pada tahun ini, Hari Pelabur 2016 icapital.biz Berhad akan diadakan pada 24 September (selepas Mesyuarat Agung Tahunan ke-12 yang akan dijalankan pada waktu pagi) dan 25 September di KLCC. Sila rujuk kepada risalah yang dilampirkan untuk maklumat lanjut.

Kepada pemilik saham kami, sila datang untuk mendapat manfaat dari Mesyuarat Agung Tahunan dan Hari Pelabur; bawalah keluarga, kawan-kawan, rakan sekerja anda dan jadikan acara ini acara pelaburan Asia yang paling inovatif dan lebih berjaya daripada yang sebelumnya.

## Dasar Monetari Amerika Syarikat dan Kami

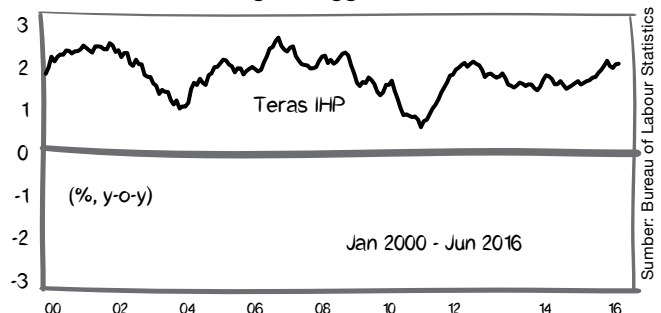
Seperti yang telah dijangka oleh hampir semua pihak, Jawatankuasa Pasaran Terbuka Persekutuan AS (FOMC) telah mengundi untuk membiarkan kadar faedah tidak berubah selepas mesyuarat pada 27 Julai 2016. Kenyataan dari mesyuarat tersebut tidak mengandungi apa-apa lagi kenyataan melainkan apa yang telah dinyatakan sebelumnya. Dari segi petunjuk, ternyata bahawa Rizab Persekutuan Amerika Syarikat sekali lagi memberi isyarat bahawa ia bersedia untuk menaikkan kadar faedah. Sebagai contoh, frasa “risiko jangka masa terdekat terhadap prospek ekonomi telah berkurang” adalah salah satu petunjuk yang agresif (di mana Janet Yellen boleh menukar kenyataan tersebut dengan mudah mengikut kesesuaian beliau). China bukanlah kambing hitam untuk kali ini, seolah-olah seperti krisis Brexit tidak pernah berlaku. Satu lagi petunjuk agresif adalah mesej di mana pasaran buruh AS telah “dikukuhkan”, yang merupakan satu peningkatan dari kenyataan bulan Jun yang mengatakan bahawa kadar peningkatan adalah perlahan. Satu lagi petunjuk agresif adalah perbelanjaan isi rumah AS telah digambarkan sebagai kukuh. Bagaimana pula dengan inflasi, yang dimomokkan oleh Janet Yellen? Kenyataan pada bulan Julai lalu tidaklah positif seperti bulan Jun, di mana Rizab Persekutuan menyatakan bahawa inflasi telah menurun. Pada kali ini, ia mengatakan bahawa inflasi kekal rendah.

Dalam keadaan kita semua sedang memikirkan apa yang berdetik dalam fikiran FOMC, pelabur haruslah berfikir tentang perkara ini. Ada tiga kemungkinan berkaitan penetapan harga AS.

Pertama, kadar inflasi AS boleh merosot selama bertahun-tahun seperti yang telah berlaku selepas 1982. Kedua, kadar inflasi AS boleh menokok tanpa henti seperti dari pertengahan tahun enam puluhan dahulu sehingga tahun 1982. Dengan situasi ini, dalam keadaan kadar inflasi AS yang rendah, senario pertama boleh disingkirkan, melainkan jika seseorang itu menjangkakan deflasi yang teruk bagi ekonomi Amerika Syarikat untuk beberapa tahun akan datang. Senario kedua tidak mungkin akan berlaku, memandangkan kekurangan permintaan agregat global. Ini meninggalkan kemungkinan ketiga - kadar inflasi pada dasarnya kekal tidak berubah.

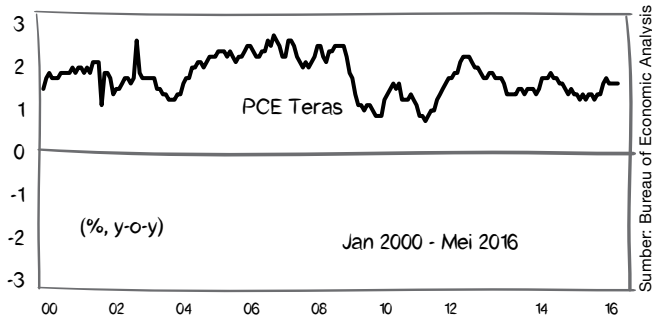
Senario ketiga adalah seperti apa yang sedang berlaku sekarang. Carta 6 menunjukkan indeks harga pengguna teras. Carta 7 menunjukkan indeks harga perbelanjaan penggunaan peribadi teras. Carta 6 dan 7 dengan sengaja disediakan untuk menunjukkan bahawa ekonomi Amerika Syarikat adalah jauh berbanding gaya serangan deflasi - Jepun. Malah semasa 2008 krisis kewangan global -AS, ekonomi Amerika Syarikat tidak langsung menghampiri deflasi, mahupun deflasi berpanjangan.

Carta 6: Indeks Harga Pengguna Teras



## APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA

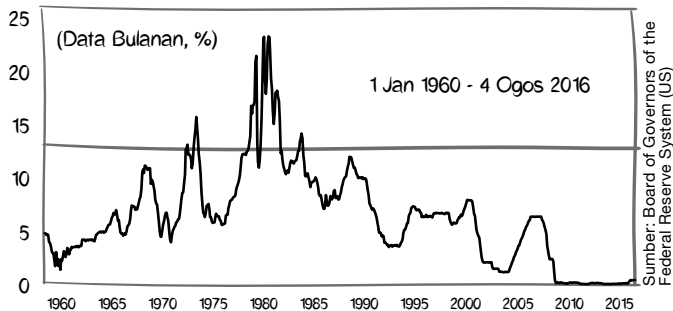
Carta 7: Indeks Harga Perbelanjaan Penggunaan Peribadi Teras (PCE Teras)



Jika indeks harga terus berkelakuan sebegini dalam keadaan pasaran buruh AS diketatkan lagi, apa yang akan berlaku kepada dasar kewangan AS ?

Rizab Persekutuan boleh memilih untuk membenarkan sasaran dana persekutuan menghampiri sifar - lihat carta 8.

Carta 8: Kadar Efektif Dana Persekutuan



Salah satu kesan daripada ini adalah kenaikan harga aset. Kita semua tahu bahawa Bursa Saham New York sudah tinggi nilainya. Adakah pelabur yakin dengan dana persekutuan yang kadarnya menghampiri sifar akan kekal dalam keadaan hampir sifar untuk tempoh yang panjang, pasaran ekuiti AS yang sudah tinggi nilainya akan menjadi terlebih nilai. Pejabat Penyelidikan Kewangan (OFR) AS baru-baru ini telah memberi amaran:

“Walaupun selepas kegawatan pasaran pada awal 2016 dan selepas referendum U.K., harga ekuiti AS kekal tinggi menurut beberapa metrik seperti yang telah dibincangkan secara ringkas dalam OFR 2015. Nisbah harga perolehan yang diselaraskan secara kitaran (CAPE), nisbah-Q, dan Indikator Buffett adalah lebih tinggi daripada purata jangka panjang mereka. Nisbah CAPE hanya mencapai paras semasa menjelang kejatuhan tiga pasaran ekuiti terbesar dalam abad yang lepas.”

Bagi harga hartanah, OFR AS juga memberi amaran:

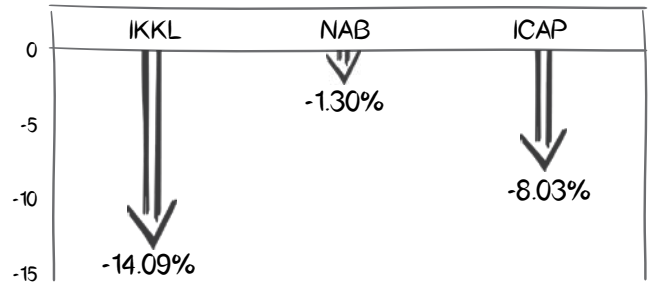
“Harga hartanah komersial meningkat dengan pesat dari 2010-2015 ... dengan purata kadar pertumbuhan yang lebih cepat daripada perkembangan sebelum krisis kewangan. Peningkatan pesat umumnya didorong oleh kadar faedah dan kadar kekosongan yang rendah. Walau bagaimanapun, kenaikan harga yang besar dan pesat boleh mengakibatkan pasaran aset lebih mudah terkesan daripada penurunan harga yang besar, sama ada disebabkan oleh perubahan dalam faktor-faktor asas, seperti kadar kekosongan, atau kejutan-kejutan lain.”

Persoalan di bawah senario ketiga kemudiannya menjadi ringkas. Walaupun kadar inflasi AS tidak berubah seperti apa yang telah dilakukan selama bertahun-tahun, bolehkah kadar dana persekutuan yang hampir sifar ini kekal hampir sifar untuk tempoh yang lama tanpa mendedahkan ekonomi AS kepada kesan yang buruk? Jawapan logik dan objektif adalah tidak. Di bawah perkembangan seperti ini, harga aset AS akan mencapai tahap yang melampau dan ekonomi Amerika Syarikat akan terdedah teruk kepada ketidakstabilan kewangan dan kesan yang membinasakan. Pendek kata, lanjutan perdebatan logik kita adalah bahawa Rizab Persekutuan AS berada dalam kesuntukan masa bagi menaikkan kadar faedah, walaupun kadar inflasi teras AS tidak mencapai 2% dan kekal pada kadar tersebut selamanya. Pada masa ini, Rizab Persekutuan AS boleh bermain politik dengan menanggukkan sebarang kenaikan kadar faedah. Selepas November 2016, mereka mungkin perlu berurusan dengan presiden Republikan baru yang agresif.

Semasa penulisan ini, Dana anda mempunyai lebih daripada RM300 juta tunai dan berhampiran tunai (atau RM2.14 tunai sesaham), berbanding dengan RM261 juta pada tahun lepas. Sebagai Pengurus Dana anda, saya tidak menggunakan strategi tunai yang tinggi. Seperti yang dijelaskan banyak kali sebelum ini, tahap tunai yang tinggi adalah kesan daripada fakta bahawa pasaran saham Kuala Lumpur berada dalam keadaan yang tinggi nilainya. IKKL kini didagangkan pada sekitar nisbah-PE 19 kali berlatarbelakangkan penurunan pendapatan korporat.

Sebenarnya, tahap tunai yang tinggi telah melindungi NAB Dana anda. Carta 9 menunjukkan prestasi IKKL dari kemuncaknya pada 8 Julai 2014 sehingga 31 Mei 2016 dan NAB icapital.biz Berhad. IKKL telah kehilangan 14.1%, NAB Dana anda dalam tempoh yang sama, sebahagian besarnya telah mampu mengekalkan tahap sebelumnya dikala harganya jatuh 8.03%. Pada asas tahunan, IKKL merosot 7.69% manakala NAB Dana anda jatuh 0.69% dan harganya susut 4.31%.

Carta 9: Prestasi pada 31 Mei 2016 (dari puncak pada 8 Julai 2014)



Kemeruapan adalah pergerakan naik turun harga saham atau indeks. Risiko pelaburan adalah kehilangan kekal modal. Falsafah pelaburan eklektik berasaskan nilai Capital Dynamics adalah bertujuan menguruskan risiko pelaburan, bukan kemeruapan; oleh itu fokus adalah dalam mencari saham berasaskan nilai yang menarik, dan bukan mengejar harga saham. Apabila terdapat syarikat-syarikat yang mempamerkan margin keselamatan yang mencukupi, aset tunai Dana anda akan digunakan. Bila mana keadaan adalah tepat untuk tahap tunai jatuh, ia akan jatuh.

Akhir kata, saya dengan tulus ikhlas mengucapkan selamat datang kepada Puan Leong So Seh sebagai ahli Lembaga Pengarah yang baru.

**Tan Teng Boo**

Pegawai Lantikan Khas

Capital Dynamics Asset Management Sdn Bhd  
19 Julai 2016

## 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。如同其他挂牌上市的公司,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。这可通过坚守价值投资理念达成。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。

## 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。

## 如何衡量您的基金

衡量您的基金表现的适当指标为资产净值而非盈利或每股营收或损益表。

## 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)

## 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) 2783 9191, at fax no (603) 2783 9111 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 [cdsb@icapital.biz](mailto:cdsb@icapital.biz)以联络投资顾问。

## 我们的表现

我们将在此部分评估资本投资有限公司的表现。

### A 致股东的信函

截至2016年5月31日为止的财政年度，我们的基金报上了RM4千403万5千的总营业额，较去年同期上涨了RM2千222万8千或102%。截至2016年5月31日为止，我们的基金报上了RM2千371万8千的税前盈利，相较于上一个财政年度RM1千139万1千的税前盈利。税前盈利的增长是鉴于证券销售的较高盈利水平所致。因此，相较于上个财政年度RM1千零48万2千的税后盈利，我们今年的基金报上了RM2千136万的税后盈利。

评估我们的基金表现方面，其资产净值应该为受关注的关键因素，而非所取得的净盈利，这是因为我们的基金首要投资目的为长期资本增值。我们的基金资产净值从2015年5月31日的每股RM2.90上扬了4%至2016年5月31日的每股RM3.03。

随着全球市场及经济体因受到许多国家及经济体不间断的政治及社会经济危机的打击而保持停滞，过去一年来绝对为一个极具挑战性及艰难的一年。局势不断恶化，就连发达经济体也未能幸免。随着这些负面发展酝酿着，大马证交所及其他市场及经济体急速复苏的前景保持不确定。

作为应急措施，我们应当利用这个机会来为应对不可避免的熊市做好准备及通过投资于您的基金进一步扩大我们的财富。我深信多年前已

投资于您的基金的股东已从中获益不前。

尽管市场看淡，但您基金的统计数据显示您的基金仍持续跑赢预期。截至2016年7月19日为止，您基金的资产净值已从2016年5月31日财政年度的RM3.03进一步上升至RM3.07。

扼要重述，您基金成功的关键要素为其投资政策及目标。为了让新股东们受益，您基金的首要投资政策及目标为专注于资本增值的长期价值投资而股息及或利息收入则为次要的考虑因素。

您的董事局、基金经理及投资顾问将持续努力确保所有股东的利益受到保障、尤其是当您基金的70%股权由小股东所持有，他们将血汗钱及希望都委托于您的基金。

这么一来，您的董事局也将重温于2009年股东们在特别大会所作出的决定，即股东投票保留您基金的投资政策及目标。在2009年的股东特别大会，您的董事局已决议在适时重新检查该投资政策。连同您的基金经理及投资顾问，您的董事局将探讨其他能够使股东们获益的替代方案。这将为您的董事局于2009年的特别大会所做出的承诺及股东们的意愿做一个总结。

我代表董事局欢迎龍素絲女士成为董事局的新成员。鉴于龍女士过去的监管经验，您的董事局相信她将为您的基金作出正面的贡献，尤其在公司治理、风险管理等方面。

然而，我很遗憾必须通知股东们一鉴于个人因素，分别自2008年及2010年以来担任董事的吕建明先生及Harun Bin Halim Rasip先生将在第十二届股东常年大会结束后退休并不寻求连任。我代表董事局衷心感谢他们过去的服务并祝福他们今后一帆风顺。

最后，您的董事局及您的基金经理及投资顾问衷心地祝福股东们拥有丰收的一年。

**拿督黄炳火**

董事会主席

2016年7月19日

## 我们如何 善用您的基金



### i. 投资组合

自2015年5月31日作出的买进及当前以市场价值及持股量排列的投资组合如以下图一、二及三所示。

### ii. 已卖出的股项

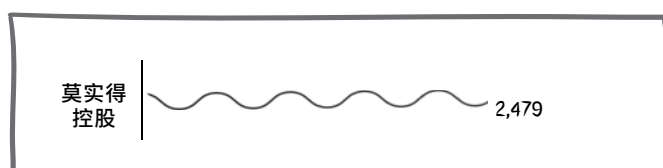
截至2016年5月31日为止的财政年度，您的基金卖出了3,728,640支广宇科技股项、801,000支伟钜集团股项及453,500支伟特机构股项。这些销售以RM1千零61万的成本带来了RM3千零85万8千的已套现收益。

截至2016年5月31日为止，您的基金投资了RM9千139万9千，市值为RM1亿2千602万2千，报上了RM5千零3万6千的未套现收益。截至2016年5月31日为止，您的基金从巴迪尼控股、花莎尼控股及曙光资本取得了大幅的未套现收益。

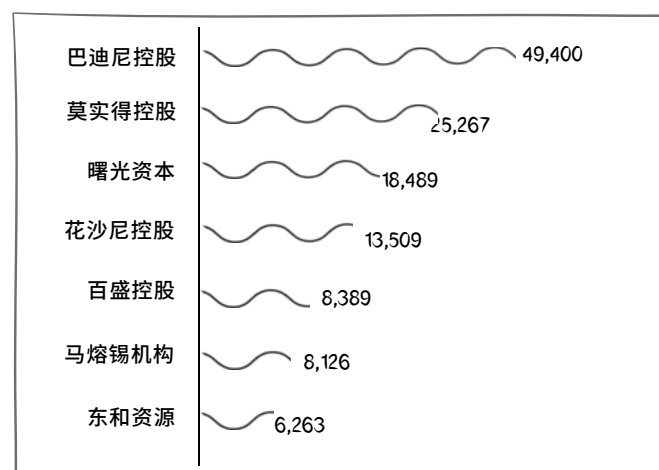
### iii. 所作出的投资

截至2016年5月31日为止，您的基金收到了579,099支股作为百盛控股的股息及认购了2,479,140支莫实得控股的附加股。

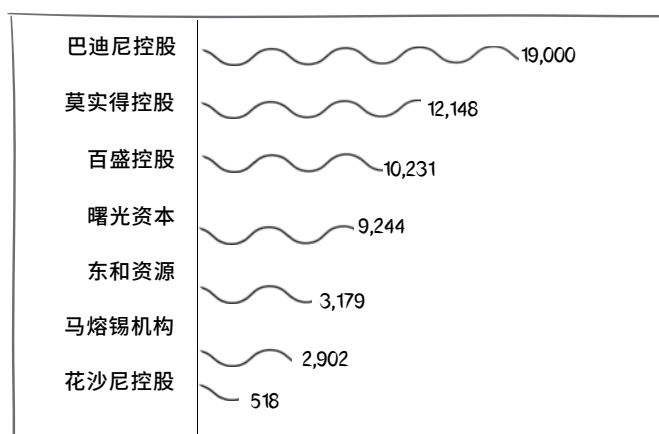
图一：自2015年5月31日以来所作出的收购(千)



图二：截至2016年7月19日为止的市价(以千令吉计)



图三：截至2016年7月19日为止的持股量(以千支股计)



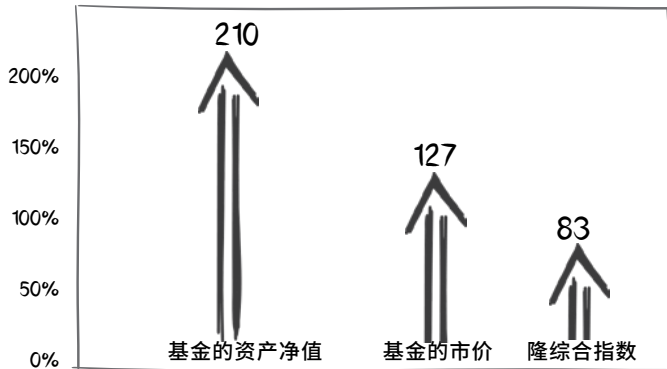
### iv. 表现：资产净值及股价

自其于2005年10月19日上市以来，您的基金的每股资产净值已从RM0.99增长至2016年5月31日的RM3.03—参阅图四，即206%的增长。自其于2005年10月19日上市以来，您的基金的市场价值已从

## 我们如何善用您的基金

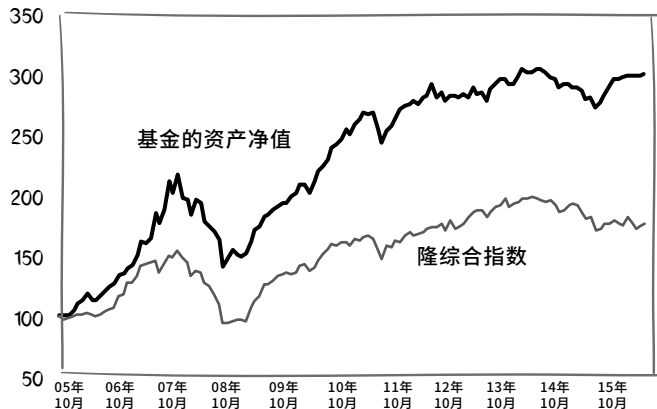
RM1.01 上扬至2016年5月31日的RM2.29，即127%的增长。在同期内，富时大马隆综合指数已上涨了78%。

图四：从2005年10月19日至2016年7月19日的回酬



图五显示您基金的资产净值表现与富时大马隆综合指数的对比

图五：基金的资产净值对隆综合指数



从2015年6月1日至2016年5月31日，您的基金的每股资产净值已从RM2.90上扬至RM3.03，或4%的增长，而市场价格则从RM2.32下跌至RM2.29，或1%的亏损。在同期内，富时大马隆综合指数下降了7%。

表一及二显示了资本投资有限公司自上市以来的表现。

表一：从2005年10月19日开始的累积回酬至12月31日

截至至	基金的资产净值 (%)	基金的市价 (%)	富时大马隆综合指数 (%)	基金的现金水平 (%)
2005	0.00	8.00	62.39	-1.57
2006	38.38	46.00	33.79	19.92
2007	125.25	162.00	15.58	58.07
2008	58.59	39.00	32.97	-4.09
2009	101.01	74.00	10.51	39.23
2010	157.58	109.00	29.87	66.15
2011	175.76	105.00	34.92	67.44
2012	195.96	137.00	34.34	84.75
2013	211.48	147.37	50.73	104.22
2014	203.21	140.16	63.16	92.66
2015	211.48	137.06	61.76	85.14
16年7月19日	215.62	133.97	69.73	82.74

表二：从2005年10月19日开始的年化回酬至12月31日

截至至	基金的资产净值 (%)	基金的市价 (%)	富时大马隆综合指数 (%)	基金的现金水平 (%)
2005	0.00	46.93	62.39	-7.62
2006	31.09	37.08	33.79	16.34
2007	44.65	54.93	15.58	23.14
2008	15.49	10.83	32.97	-1.30
2009	18.07	14.09	10.51	8.19
2010	19.94	15.22	29.87	10.25
2011	17.77	12.27	34.92	8.67
2012	16.25	12.72	34.34	8.89
2013	14.85	11.67	50.73	9.09
2014	12.81	9.98	63.16	7.38
2015	11.78	8.83	61.76	6.22
16年7月19日	11.28	8.22	69.73	5.77

## v. 我们的见解

### 第十二届股东常年大会及2016年投资者日

自2010年，资本投资有限公司随同资威每年都举办投资者日（除了2012年的特别例外）。去年，大约1万1千人报名参加这别具一格的投资者活动。尽管大马面临着政治不确定性，去年的投资者日的主要信息为“爱在何方？我们正朝向哪方？大马故事”。

与好几千位大马人在吉隆坡会展中心的Plenary Hall分享保持信心的必要性及提醒大马人您们也能够让这年轻的国家变得更好。我疑惑为何大马人忘了爱且在经常处于激烈的政治斗争中，爱到底在何方？

随着黑眼豆豆的歌曲“Where is The Love”（翻译：爱在何方）用作2015年投资者日的背景音乐，观众也哭了。我在此分享这首有意义的歌曲摘录：

“But if you only have love for your own race  
Then you only leave space to discriminate  
And to discriminate only generates hate  
And when you hate then you're bound to get irate, yeah.

Madness is what you demonstrate  
And that's exactly how anger works and operates  
Man, you gotta have love just to set it straight  
Take control of your mind and meditate  
Let your soul gravitate to the love.

Yo, whatever happened to the values of humanity?

Whatever happened to the fairness and equality?  
Instead in spreading love we're spreading animosity  
Lack of understanding, leading us away from unity.



That's the reason why sometimes I'm feelin' under.  
That's the reason why sometimes I'm feelin' down.  
There's no wonder why sometimes I'm feelin' under.  
Gotta keep my faith alive till love is found.

”

资本投资有限公司绝非您惯常的上市封闭式基金。尽管取得优越的长期资本增值为其主要目的，其也因考虑到社会责任，而且是针对大马局势而设。对于资本投资有限公司的推广人及创办人，陈鼎武而言，良善的重要性及分享良善甚为重要。

“

孔子的弟子常請問良善的定義。根據個別狀況，他每一次給予的答案都不一樣。這是因為儒家良善的定義並非抽象的。其正是以善待人的能力；感性的培養能夠讓您以善待人及挖掘人們善良的一面。

”

以上陈述摘自哈佛大学Michael Puett教授所撰写的一本好书《路径》。

资本投资有限公司为大马证交所唯一一家举办此投资者日的上市公司。投资者日为一项旨在扩散良善（Goodness）及协助大马投资者，尤其是那些与大机构投资者相比缺乏资源的散户投资者能够投资得更好及生活得更好。

为了让您的基金每年陆续增长，吸引对的持有人甚为关键。今年，资本投资有限公司2016年的投资者日将于9月24日（在早上的第十二届的股东常年大会结束后）及9月25日在吉隆坡会展中心举行。敬请参阅所附上的传单以获知详情。

欢迎我们的股东再次出席您的股东常年大会及投资者日；您可携带您的家人、朋友及同事一同出席并让这亚洲最具创新的投资活动更加成功。

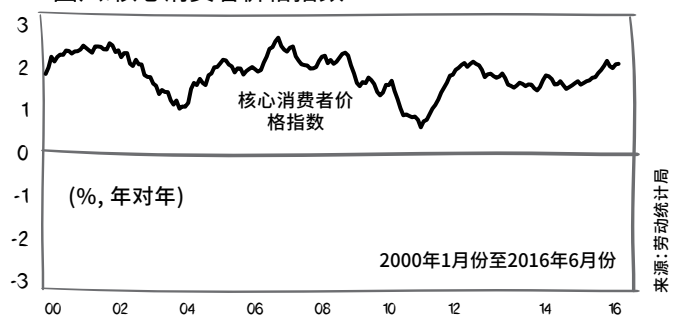
## 美国货币政策及我们

正如大多数人所预料的，2016年7月27日的联邦公开市场委员会决定将利率保持不变。该会议声明并未包含任何新的信息。就提示及线索而言，美联储看似在暗示其料将再次升息。例如，对于寻找线索的人们而言，该“经济展望的近期风险已经终止”的句子为一个鹰派线索（这让珍妮特耶伦能够适时地改变立场）。中国也不是代罪羔羊，英国脱欧危机也仿佛未曾发生。另一个鹰派线索指向美国劳动市场已经“加强”的信息，这比6月份发出劳动市场已改善的声明有所升级。然后，另一个鹰派线索称美国家庭支出为强劲。珍妮特耶伦的牵挂-通胀又如何呢？由于美联储在6月份表示通胀率已下降，因此7月份的声明并不如6月份的声明那么鸽派。这一次，通胀率料将保持在低水平。

随着我们持续猜测联邦公开市场委员会的思绪，投资者应当想想以下三个可能性。

一，美国通胀率像其自1982年以后一样持续地下跌。二，美国通胀率像其自60年代中以来一样持续上涨。由于通胀率处于低位，第一个可能性已被排除，除非人们认为美国经济将在接下来的多年内陷入严重的通缩。鉴于当前对全球许多产品需求不充足，第二个可能性也料将不可能发生。这剩下第三个可能性—美国通胀率处于横盘波动。第三个可能性似乎正是目前的状况。图六显示核心消费者价格指数。图七显示核心个人消费支出。图六及图七皆显示美国经济还离日本式的通胀袭击很远。就连在2008年以美国为首的全球经融危机最严重的时刻，美国经济都没有靠近通缩，更别说是持续性的通缩。

图六:核心消费者价格指数



图七: 核心个人消费支出 (核心PCE)

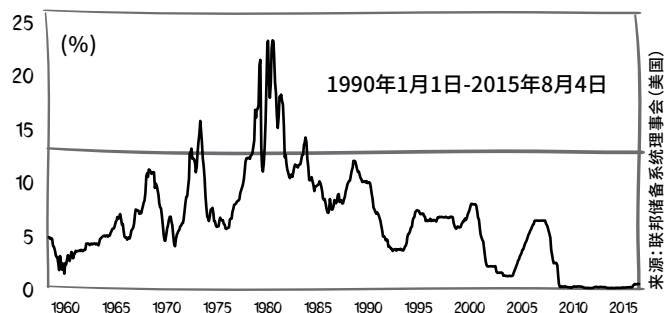


## 我们如何善用您的基金

若这些价格指数即使在美国劳动市场进一步加紧也持续维持目前的趋势，美国的货币政策将变得如何？

美联储可以选择保持近乎于零的联邦基金目标利率——参阅图八。

图八：有效联邦基金目标利率



这个选择的后果之一为暴涨的资产价格。我们都知道纽约证券交易所的估值过高。若投资者相信该近零的联邦基金目标利率将长期保持近零水平，美国已经估值过高的股市将会变得更被高估。随着美国金融研究办公室（OFR）最近告诫：

“根据2015年OFR会议所讨论的几个指标，即使在英国脱欧公投发生后2016年初的市場動蕩，美國證券市場的價格仍處於高位。該經濟周期性調整的本益比（CAPE）、Q比率，及巴菲特指標皆比他們的長期平均值高。過去世紀以來，目前的CAPE比率已達到在過去一個世紀以來證券市場經歷三個最大跌幅之前的水平。”

至于房产价格，美国的OFR也释出警告：

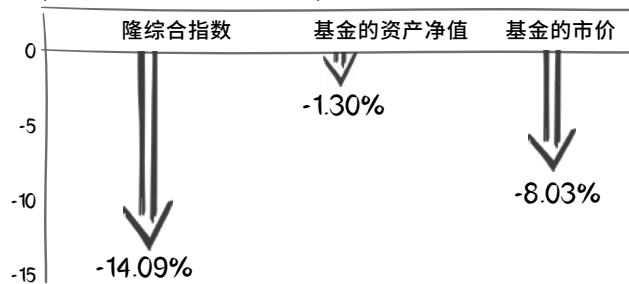
“商業房產價格已從2010年至2015年迅速攀升。。。其平均增長率比金融危機爆發前的速率還要快。該急速的增長率一般上是鑒于偏低的利率及空房率。然而，如此龐大及迅速的價格增長將致使房產市場更容易面臨龐大的價格下跌，無論是由基本面因素的變化所致，如空房率或其他沖擊所致。”

第三个可能性的问题变得简单。即使美国通胀率如多年来一样横盘波动多年，该近零的联邦基金目标利率能够在不将美国经济暴露于严峻负面影响的情况下长期保持近零水平吗？合理及客观的答案应该是不能。在如此的状态下，美国资产价格料将达到疯狂水平，美国经济将严重受金融不稳定性及其所带来的破坏性影响。简短而言，我们合乎逻辑的论点延伸至——即使美国通胀率永远没有达到2%，美联储升息的时间也已所剩无几。如今，美联储能够因政治因素而推迟升息。但在2016年11月份后，他们可能必须面对一位好斗的共和党新秀总统。

撰写之际，您的基金的现金及近现金持量已超过RM3亿（每股RM2.14的现金），相较于去年同期的RM2亿6千100万左右。身为您的基金经理，我并无采取持高现金水平策略。如之前所多番解释的一样，目前的高现金持量是吉隆坡股市估值过高所致的副产品。尽管企业营收正在下滑，隆综合指数目前正以19倍的本益比交易。

实际上，该高现金持量保护了您基金的资产净值。图九显示隆综合指数从2014年7月8日的峰值直到2016年5月31日为止的表现，以及资本投资有限公司的资产净值。隆综合指数已下降了14.1%，而您基金的资产净值在同期内大致上保持不变，尽管股价下跌了8.03%。以年化为基准，隆综合指数下滑了7.69%而您基金的资产净值则下降了0.69%，股价下降了4.31%。

图九：截至2016年5月31日为止的表现（从2014年7月8日的峰值）



动荡意味着股价或指标的波动走势。投资风险为永远的失去资本。资威的知性折衷价值投资理念旨在管理投资风险，而非管理动荡；因此其专注于寻求估值具吸引力的股项，而非追赶股价。当拥有充足安全边际的公司出现时，您基金的现金资产将会被采用。在现金水平适合下降时，它自然会下降。

最后，我想在此衷心欢迎龍素絲女士成为董事局的新成员。

**陳鼎武**

指定基金经理

资威资产管理私人有限公司

2016年7月19日

## WHO RUNS icapital.biz Berhad

### Profile of Directors

#### Datuk Ng Peng Hong @ Ng Peng Hay

- Chairman
- Chairman of the Nomination Committee
- Independent Non-Executive Director
- Aged 64, Malaysian, Male

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.

Presently, he is the Chairman of Koperasi Jayadiri Malaysia, a Board Member of Malaysian Investment Development Authority (MIDA).

He is also the Chairman of Wellcall Holdings Berhad, an Executive Director of Farm's Best Berhad and the Senior Independent Non-Executive Director of Bonia Corporation Berhad.

#### David Loo Kean Beng

- Independent Non-Executive Director
- Member of the Audit Committee and Nomination Committee
- Aged 53, Malaysian, Male

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

- Senior Independent Non-Executive Director
- Chairman of the Audit Committee and Member of Nomination Committee

- Aged 62, Malaysian, Male

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

#### Dato' Tan Ang Meng

- Independent Non-Executive Director
- Member of the Audit Committee
- Aged 60, Malaysian, Male

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 also held various senior management positions 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 Fraser and Neave Holdings Berhad, a position which he held until his retirement in November 2010.

He is currently the Executive Director and Chief Strategy Office of Red Sena Berhad.

He also sits as an Independent Director on the boards of United Malacca Berhad, Mega First Corporation Berhad and QBE Insurance (Malaysia) Berhad.

#### Dato' Seri Md Ajib Bin Anuar

- Independent Non-Executive Director
- Member of the Audit Committee
- Aged 65, Malaysian, Male

Dato' Seri Md Ajib Bin Anuar was appointed to your Board of Directors on 8 January 2015. He holds the professional qualification of the Association of Chartered Certified Accountants, United Kingdom.

Dato' Seri Md Ajib Bin Anuar has more than 44 years of experience and expertise in the global tin and mineral resources industry. Currently, he serves as the President of the Malaysian Chamber of Mines and the Chairman of the Malaysian Tin Industry (Research and Development) Board as well as the President of ASEAN Federation of Mining Associations. He is also the Chairman of the Kuala Lumpur Tin Market, a Director of ITRI Ltd and ITRI Innovation Ltd, United Kingdom (the research and development body of the world's tin industry) and a member of the Tin Committee of the London Metal Exchange.

He was the Group Chief Executive Officer ("Group CEO") and Executive Director of Malaysia Smelting Corporation Berhad ("MSC") from June 1994 to December 2013. MSC is one of the world's leading integrated tin mining and smelting groups. It is currently the second largest supplier of tin metal in the world.

After retiring from MSC, Dato' Seri Md Ajib Bin Anuar continues to be active in the mineral resources industry as Chairman of a consulting group, Magic Mirror Consulting Sdn Bhd, providing consulting services in mineral and groundwater resources.

Prior to his appointment as the Group CEO of MSC, Dato' Seri Md Ajib Bin Anuar spent 23 years in Malaysia Mining Corporation Berhad Group of Companies (now known as MMC Corporation Berhad Group of Companies) serving in various senior positions including General Manager of the Finance Division, Director of Business Development and Managing Director of MMC's International Marketing Division. He had also served two terms as the President of ITRI Ltd, United Kingdom (2002 to 2006 and 2012 to 2014), the Deputy Chairman of the Kuala Lumpur Commodity Exchange (1988 to 1993) as well as the Chairman of Malaysian Futures Clearing Corporation (1990 to 1993).

#### Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan

- Independent Non-Executive Director
- Member of the Nomination Committee
- Aged 62, Malaysian, Male

Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan was appointed to your Board of Directors on 3 December 2014. He graduated from University Kebangsaan Malaysia with a Bachelor of Arts (Honours)

## WHO RUNS ICAPITAL.BIZ BERHAD

- Degree in Political Science and Advanced Diploma Strategic Studies.

He commenced his career with the Royal Malaysian Police Force as a Special Branch Officer in Kelantan on 1 October 1977.

He served various positions within the Police Force as a Special Branch Officer in Penang, Training Officer in Bukit Aman, Kuala Lumpur ("Bukit Aman"), Compliance Officer in Bukit Aman, Narcotics Officer in Kedah, Deputy Officer in Charge of Police District of Kulim, Kedah and Criminal Investigation Officer in Perak.

After completing his further studies in 1997, he served as the Assistant Director of International Criminal Police Organisation, Bukit Aman until 2002. He was later appointed as the Deputy Chief of the Criminal Investigation Department in Kuala Lumpur before being posted as the Chief of Criminal Investigation Department in Penang. Subsequently, he was appointed as the Deputy Director, Criminal Investigation Department in Bukit Aman.

From 2007 to 2010, he served as the Chief Police of Kedah, and was later appointed as the Director of the Commercial Crime Investigation Department in October 2010, a position he held until his retirement in January 2014.

### Madam Leong So Seh

- Independent Non-Executive Director
- Aged 64, Malaysian, Female

Madam Leong So Seh was appointed to your Board of Directors on 21 April 2016. She graduated from University Malaya, Malaysia with a Bachelor of Economics and holds a Master in Economics from Vanderbilt University, USA.

She started her career as an Economist in the Economic Planning Unit Malaysia. Subsequently, she joined the Capital Issues Committee of the Finance Ministry and then the Securities Commission Malaysia ("SC"). She was in the Corporate and Investment Division in the SC as a Head of Department until her retirement.

She also sits on the board of Southern Acids (M) Berhad as an Independent Non-Executive Director.

#### Note:-

- None of the Directors have any family relationships with any director and/or major shareholder nor conflict of interest involving your Fund.
- None of the Directors have been convicted for any offences within the past 5 years other than traffic offences (if any).

## EXPLANATORY NOTE

to the Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control

As explained in the section of this 2016 Annual Report under "About icapital.biz Berhad", your Fund is a closed-end fund and in essence, has a structure and function that is significantly different to any other listed issuer.

Your Fund's Board comprises independent and non-executive Directors. Your Fund does not have any management such as a Chief Executive Officer, Chief Financial Officer or employees as the entire operations are outsourced to service providers independent of your Fund.

Your Fund Manager has previously submitted feedback to Bursa Malaysia Securities Berhad ("Bursa") during the consultation period last year and highlighted that some of the corporate governance and disclosure requirements as proposed by Bursa may not be applicable to your Fund due to the nature of business of your Fund as a closed-end fund.

As explained by your Fund Manager, a closed-end fund is set up for the purpose of engaging wholly in the business of investing its funds in securities through managing a portfolio of investments for the benefits of its share owners, and in accordance with the investment objectives and policies as stated in its Articles and the Initial Public Offering Prospectus.

Another significant difference highlighted in the submission was that the most appropriate performance indicator of a closed-end fund is its Net Asset Value ("NAV") and the NAV is computed on a daily marked-to-market basis and is released to the public on a weekly basis. Therefore, it is not appropriate to look at the earnings or earnings per share or the profit and loss statement when tracking the performance of your Fund.

The Securities Commission Guidelines on the Public Offering of Securities of Closed-end Funds prescribed that a closed-end fund shall not conduct any other business other than that of a closed-end fund thus making its business unique and different from other listed issuers.

## 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 2016 ("FYE 2016"). Your Board is of the opinion that it has, in all material respects, complied with the Principles and Best Practices of the Code.

### 1. Establish Clear Roles and Responsibilities

#### 1.1 Board Charter

Your Board adopted 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 as well as 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 reviewed and updated regularly in accordance with the needs of your Fund and any new regulations that may have an impact on the discharge of the Board's responsibilities.

On 27 July 2015, your Board, with the recommendation from the Nomination Committee, approved an amendment to the Diversity Policy in the Board Charter, in line with Paragraph 15.08A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") on board composition having regard to the mix of skills, independence and diversity (including gender diversity, as well as diversity in ethnicity and age).

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

## 1.2 Duties and Responsibilities

Your Fund, being a closed-end fund, functions differently from other public companies listed on Bursa Securities. Your Fund employs an external management structure whereby all functions are undertaken by the following service providers ("Service Providers") and the scope of work of these Service Providers are stated in their respective engagement letters/agreements:

No.	Outsourced Service Provider	Scope of work
a.	Capital Dynamics Asset Management Sdn. Bhd.	Fund management services
b.	Capital Dynamics Sdn. Bhd.	Investment research services
c.	Tricor Corporate Services Sdn. Bhd.	Corporate secretarial services
d.	Tricor Business Services Sdn. Bhd.	Accounting and administrative services
e.	Tricor Investor & Issuing House Services Sdn. Bhd.	Share registration services
f.	Deutsche Bank (Malaysia) Berhad	Custodian services
g.	Bridge Corporate Advisory Sdn. Bhd. ("Internal Auditors")	Internal audit function

The principal investment policies adopted by your Fund are to primarily invest in a managed portfolio of securities, which includes shares, stocks, warrants and bonds issued by companies listed on the Main and ACE Markets of Bursa Securities. Whilst your Fund will also invest in securities and bonds of unlisted companies, the focus will be primarily on companies listed on Bursa Securities.

The details of the investment policies and investment objectives are disclosed in your Fund's Initial Public Offering Prospectus, which is available on the corporate website.

Your Board's duties and responsibilities are clearly stated in the Board Charter, which is available on the corporate website.

Your Board observes the investment policies and investment objectives in discharging its duties and responsibilities.

Your Fund grants the Fund Manager the powers to invest and reinvest its assets on behalf of your Fund with a view to achieving the investment objectives of your Fund as set out in the investment policies of your Fund from time to time.

Your Board wishes to highlight that any amendment to the investment policies and investment objectives of your Fund shall be approved by the share owners by way of a special resolution pursuant to Article 108(3) of the Articles of Association of your Fund.

Mr Tan Teng Boo, the designated person of the Fund Manager of your Fund ("Designated Person"), updates your Board on the investment portfolio of your Fund, economic and market outlook at Board meetings held from time to time. The investment portfolio of the Fund is disclosed in page 47 of this annual report.

During the FYE 2016, amongst others, the key matters deliberated by your Board at the Board meetings were as follows:

- i. On 27 July 2015, the Designated Person presented the effects, pros and cons of share buy-back on your Fund's net asset value ("NAV") based on various assumptions.

Your Board deliberated and noted your Fund would derive higher gain in the medium/long term, if available cash flow is used to invest in other listed securities instead of purchasing the Fund's own shares. Your Fund's NAV could deteriorate if it uses its available fund to purchase own shares.

- ii. On 26 October 2015 and 12 January 2016, your Board deliberated on dividend policy. It was noted that the primary investment objective of your Fund is a long-term capital appreciation of its investments whilst dividend and/or interest income from these investments would be of secondary consideration.

Recommendation 1.1 of the Code recommends the listed issuer, among others, to ensure the chief executive officer should focus on business and develop the descriptions for his functions, and to limit management's responsibilities. Your Board would like to highlight that this recommendation is not applicable to your Fund as your Fund employs an external management structure and has no employees.

## 1.3. Board Balance

Your Board shall comprise of Non-Executive Directors who shall be qualified individuals of good repute, with the diverse professional background, skills, necessary experience and knowledge for the performance of their duties. All seven Directors on your Board are Independent Non-Executive Directors. Their profiles are presented on pages 18 to 19 of this Annual Report.

The Board and Board Committees' composition, having regard to the mix of skills, independence and diversity (including gender diversity, ethnicity and age), is disclosed in the Board Charter.

The appointment of a new Director is a matter for consideration and decision by your Board, based on the recommendation of the Nomination Committee. In making the recommendation, the Nomination Committee will consider the required mix of skills, experience and diversity, including gender, ethnicity and age, where appropriate, which the potential candidate would bring to your Board.

In view that the Chairman of the Nomination Committee is also the Chairman of the Board, your Board had decided to segregate the roles of the Chairman of the Board and Senior Independent Non-Executive Directors. Your Board appointed Encik Harun Bin Halim Rasip as the Senior Independent Non-Executive Director who will attend to any queries or concerns raised by the share owners.

Your Board is ensured of a balanced view arising from the Directors having diverse professional background, skills, experience and knowledge. In addition, they are independent as they 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.

The Custodian had served its notice of termination vide its letter dated 5 May 2016 ("DBMB's Letter") which was received by your Fund on 9 May 2016. Your Board is actively looking for a replacement and will make a necessary

## STATEMENT OF CORPORATE GOVERNANCE

announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") in due course.

Your Board has a schedule of matters specifically reserved for Board's decision. Your Board decides all matters which are in the interest of your Fund except for those day-to-day operations which have been outsourced to the external service providers. Nevertheless, your Board oversees the work of the respective parties and deliberates and resolves urgent matters through meetings, circular resolutions, emails and telecommunications from time to time.

### 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"), details of which are contained in the Board Charter and are available on the corporate website.

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 interest of your Fund and the share owners.

Your Board has adopted a Whistleblowing Policy on 21 July 2014, which is available on the corporate website. This provides an avenue for stakeholders and members of the public to disclose any improper conduct of your Fund via post to the Chairman of the Audit Committee at the registered office of your Fund. This Whistleblowing Policy was updated on 12 January 2016 following the change of registered office of your Fund.

### 1.5. Supply of Information

Your Directors have unrestricted access to all information on your Fund's business and affairs, whether on an individual basis or as a full board, directly from the service providers so as to enable them to discharge their responsibilities. In addition, Board papers containing the full details of the agenda are generally given to your Directors 3 days in advance of meetings to allow sufficient time for review and to obtain explanations if needed. Urgent papers may be distributed to your Directors through email before the meeting.

Your Directors, collectively or individually, have unrestricted access to the Company Secretary and may also seek independent professional advice and information in furtherance of their duties and responsibilities at your Fund's expense, so as to ensure that the Directors are able to make independent and informed decisions.

Fees for independent professional advice shall be payable by your Fund subject to the following:

- i. First, discuss with the Chairman;
- ii. Provide a written notice to the Company Secretary of his intention to seek independent advice with brief summary of the subject matter; and
- iii. Your Board shall be notified and approval is obtained prior to the engagement of the professional advisors.

Independent advice sought shall exclude those of personal interests relating to your Director's personal disputes in matters that are not related to or affect your Board or your Fund as a whole.

### 1.6. Appointment and Re-Election of the Directors

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

Directors who are appointed by your Board to fill a casual vacancy or appoint as an additional director to the existing Directors during the year shall hold office only until the next AGM 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 shall retire at every AGM but may offer themselves for re-appointment.

### 1.7. Succession Planning

Your Board has not established any succession plan for senior management as your Fund does not have any employees. As a closed-end fund, your Fund employs an external management structure whereby all your Fund's functions are undertaken by the Service Providers under their respective engagement letters/agreements.

Your Board, through the Nomination Committee, is responsible for ensuring that your Directors are qualified individuals of good repute and with the diverse professional background, diversity, skills, necessary experience and knowledge for the performance of their duties.

As for your Board's succession plan, your Board would ensure an orderly succession of the Directors based on the criteria set by the Nomination Committee.

Your Board agreed that if it needs to fill a casual vacancy due to the resignation or retirement of any Director, your Board will search for a suitable candidate through the following manner:

- i. Your Board, through the Nomination Committee, will identify desirable Director's professional background, diversity, skills, necessary experience and knowledge annually; and
- ii. Fill the Board seat based on the recommendation of the Nomination Committee or any Director.

The existing Board members also agree that if any one of them intends to resign and retire from your Board, he/she will inform the Chairman of the intention at least three months (if possible) before the cessation of office.

### 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 32 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 recorded. The Company Secretaries also keep your Board updated on

changes in the MMLR 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 your Board's affairs and the business.

Your Fund has two qualified Company Secretaries pursuant to Section 139A of the Companies Act, 1965. One of them is a member of Malaysian Institute of Accountants whilst the other is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators.

During the FYE 2016, the Company Secretaries updated your Board on the following regulatory requirements, guidelines and consultation papers:

- i. Amendments to Listing Requirements in relation to the Financial Services Act 2013 and ACE Market Review;
- ii. Consultation paper on the proposals to enhance sustainability practices and disclosures in the marketplace;
- iii. New and Revised Auditing Standards on Auditor Reporting – Enhanced Informative Value of the Auditors' Report;
- iv. Consultation Paper on the proposed Amendments to the Rules of Bursa Malaysia Securities Clearing Sdn. Bhd., Rules of Bursa Malaysia Derivatives Clearing Bhd and Rules of Bursa Malaysia Depository Sdn. Bhd. pursuant to a Review of the Enforcement Provisions;
- v. Sustainability Statement in Annual Reports of Listed Issuers/Corporations; and Amendment to Paragraph/Rule 10.08(1) (a) of the Listing Requirements;
- vi. Consultation Paper in relation to the proposed Disclosure and Corporate Governance Amendments and proposed Amendments to the MMLR relating to Post-Listing Disclosure Obligations for Mineral, Oil and Gas Listed Issuers;
- vii. Obligations of the listed issuers and directors to comply with the MMLR in relation to the timeframe for issuance of annual report, corporate website, dealings in listed issuers and printed annual report;
- viii. Amendments to MMLR to strengthen the framework for disclosure and exercise of shareholders' rights; and
- ix. Consultation Paper in relation to Malaysian Code on Corporate Governance 2016.

The Company Secretaries also serve notices to your Board and Fund Manager on the closed periods for trading in your Fund's shares pursuant to Chapter 14 of the MMLR from time to time and update your Board on the training programmes organised by Bursa Securities from time to time.

## 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, which are available on the corporate website. Your Board, however, retains full responsibility for the direction and control of your Fund.

### 2.2. Audit Committee

The summary of the work of the Audit Committee in the discharge of its functions and duties and responsibilities for FYE 2016 is presented on pages 27 to 29 of this Annual Report.

### 2.3. Nomination Committee

The Nomination Committee was established on 19 June 2006 and as at the date of issuance of this Annual Report, comprises the following members:

- Chairman: **Datuk Ng Peng Hong @ Ng Peng Hay**  
(Independent Non-Executive Director)  
**Harun Bin Halim Rasip**  
(Senior Independent Non-Executive Director)  
**David Loo Kean Beng**  
(Independent Non-Executive Director)  
**Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan**  
(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. The Nomination Committee also 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.

The following activities were undertaken by the Nomination Committee for the FYE 2016:

- i. On 12 April 2016, the Nomination Committee reviewed the proposed appointment of Leong So Seh as an Independent Non-Executive Director. Having taken into consideration of her qualifications, working experience, character, integrity, professionalism, experience and time commitment as well as the Board's policy for a mix of skills, independence and diversity, the Nomination Committee recommended the proposed appointment to your Board for approval.

Based on the recommendation, your Board approved the appointment on 12 April 2016 and made an announcement to Bursa Securities on 21 April 2016 immediately after her completion of the relevant documents pertaining to her appointment.

The profile of Leong So Seh is disclosed on page 19 of this Annual Report.

- ii. On 19 July 2016:
  - a. The Nomination Committee reviewed and assessed the effectiveness of the Board and Board Committees through the Evaluation of Board Effectiveness Form and Directors' Evaluation Form – Self and Peer Assessment ("Evaluation Forms") completed by the Board members.

The Board and Board Committees respectively evaluated their structure, operation, roles and responsibilities, composition and effectiveness.

For the individual Director, the assessment criteria include an assessment of fitness and propriety, contribution and performance, calibre and personality.

Based on the summary of results compiled from the Evaluation Forms, the Nomination Committee reviewed the mix of skills, experience, size and diversity of your Board and opined that your Board was well-balanced, with its members having diverse skill sets and core

## STATEMENT OF CORPORATE GOVERNANCE

competencies. The Nomination Committee opined that the Board and Board Committees and their respective members had performed satisfactorily in the discharge of their duties and responsibilities.

- b. The Nomination Committee reviewed and assessed the Board and Board Committees as well as the independence of the Independent Non-Executive Directors. The Nomination Committee, having taken into consideration the declarations made by the Independent Non-Executive Directors and the independent judgment the Independent Non-Executive Directors had brought to your Board, was satisfied with the level of independence demonstrated by them and their ability to act in the best interest of your Fund.
- c. Based on the assessments conducted, the Nomination Committee made recommendations to the Board on the re-election of Leong So Seh who retires pursuant to Article 103 of your Fund's Articles of Association at the forthcoming AGM.

David Loo Kean Beng and Harun Bin Halim Rasip, who are due for retirement pursuant to Article 96(1) of your Fund's Articles of Association at the Twelfth AGM, have indicated to your Fund that they would not seek re-election at the Twelfth AGM. Therefore, David Loo Kean Beng and Harun Bin Halim Rasip shall retire as Directors at the conclusion of the Twelfth AGM.

- d. Based on the existing Directors' professional background, diversity, skills, experience and knowledge, the Nomination Committee is of the view that the future candidate should have the character, experience, integrity, competence that complement the existing Board members.
- e. With the appointment of Leong So Seh to your Board, your Fund has also taken the necessary steps in meeting gender diversity.
- f. The Nomination Committee noted the training attended by the Board members during the FYE 2016 and agreed that the training covered the training needs of your Directors.

The Nomination Committee has recommended your Directors to attend the training relating to the following areas during the financial year ending 31 May 2017:

- Updates from Fund Manager on economic and market outlook;
- Corporate governance; and
- Risk management and internal control.

The Nomination Committee recommended the following criteria be used for assessment of the training attended by your Directors:

- The training selected should provide your Directors with knowledge on economic and market outlook; and
- The training selected should equip your Directors with regulatory updates to assist your Board in the discharge of duties and responsibilities effectively.

Your Board concurred with the Nomination Committee's recommendations as stated above at their meeting held on 19 July 2016.

### 2.4. Diversity Policy

Pursuant to the Diversity Policy set out in the Board Charter, the Nomination Committee and your Board shall consider diversity in terms of gender, ethnicity and age, amongst other criteria, when there are any appointments to your Board ("Board Appointment") and when conducting an annual assessment of Board and Board Committees.

Your Board is of the view that all Board Appointments should be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on your Board, including gender, ethnicity and age.

### 2.5. Directors' Remuneration

Your Board is of the view that the need for the establishment of a Remuneration Committee does not arise as your Fund does not have any Executive Directors. The determination of fees of the Non-Executive Directors is a matter for your Board as a whole and the fees payable are tabled to the share owners for approval at every AGM.

The Directors' remuneration for FYE 2016 is as below:-

Directors	Fees (RM)
Datuk Ng Peng Hong @ Ng Peng Hay	60,000.00
Harun Bin Halim Rasip	55,000.00
David Loo Kean Beng	50,000.00
Dato' Tan Ang Meng	50,000.00
Dato' Sri Syed Ismail Bin Dato's Haji Syed Azizan	40,000.00
Dato' Seri Md Ajib bin Annuar	50,000.00
Leong So Seh (appointed on 21 April 2016)	4,493.00
<b>Total</b>	<b>309,493.00</b>

## 3. Reinforce Independence

### 3.1. Annual Assessment of Independent Non-Executive Directors

Your Board, through the Nomination Committee, assesses the independence of Independent Non-Executive Directors annually. The criteria for assessing the independence of an Independent Non-Executive Director include the assessment of the relationship between the Independent Non-Executive Director and your Fund and his/her 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, none of your Independent Non-Executive Directors had business transactions with your Fund and 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 board deliberations.

All Directors are Independent and Non-Executive; thus, your Board composition has met the MMLR and the Code.

### 3.2. Tenure of Independent Non-Executive Directors

Your Board noted that one of the recommendations of the Code is that the tenure of an Independent Non-Executive 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. David Loo Kean Beng would have served on the Board for nine (9) years on 14 May 2017. However, he has indicated in his letter dated 11 July 2016 to your Board that he would not seek re-election as Director at this Twelfth AGM. Therefore, he shall cease to be Director at the conclusion of the Twelfth AGM.

## STATEMENT OF CORPORATE GOVERNANCE

### 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.

There is a clear division of responsibilities between your Fund and management of your Fund. Datuk Ng Peng Hong @ Ng Peng Hay, the Independent Non-Executive Chairman, leads your Board. As your Fund does not have any employees and CEO, the executive daily management duties are delegated to the respective Service Providers. Further, your Board, made up of Independent Non-Executive Directors with their diverse professional background and knowledge, can bring a broader view to management duties of your Fund.

### 3.4. Composition of Your Board

Your Board has seven members, all of whom are Independent Non-Executive Directors. The Board composition has met the MMLR, which requires at least two (2) or one-third (1/3) of your Board, whichever is higher, to be Independent Non-Executive Directors.

All Directors contribute in areas such as policy and performance monitoring, as well as improving governance and controls. They are independent from the 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

In accordance with the Board Charter, your Directors are required to notify the Chairman before accepting any new directorships 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 in more than five 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 FYE 2016, a total of five Board meetings were held and the attendance of each Director is as shown below:-

Board	Meeting Dates						Total
	27-07 2015	03-09 2015	26-10 2015	12-01 2016	12-04 2016		
<b>Chairman</b> Datuk Ng Peng Hong @ Ng Peng Hay	✓	✓	✓	✓	✓		5/5 100%
<b>Members</b> Harun Bin Halim Rasip	✓	X	✓	X	✓		3/5 60%
David Loo Kean Beng	X	✓	✓	X	✓		3/5 60%
Dato' Tan Ang Meng	✓	✓	✓	✓	✓		5/5 100%
Dato' Seri Md Ajib Bin Annuar	✓	✓	✓	✓	✓		5/5 100%
Dato' Sri Syed Ismail Bin Dato's Haji Syed Azizan	✓	X	✓	✓	✓		4/5 80%
Leong So Seh (appointed on 21 Apr 2016)	-	-	-	-	-		-

All Directors, except for Leong So Seh (who was appointed on 21 April 2016) had attended at least 50% of the total number

of Board of Directors' meetings. Three Directors had 100% attendance, one had 80% attendance and two had 60% attendance.

Leong So Seh did not attend any Board meetings because no meetings were held between the date of her appointment and 31 May 2016, the close of the financial year end.

### 4.2. Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") 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 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 with the MAP requirements 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 FYE 2016, the Board members attended the following Directors' continuing education programme:

Board	Training Attended	Date
Datuk Ng Peng Hong @ Ng Peng Hay	Audit Oversight Board Conversation with Audit Committees	26/02/2016
	Briefing on Employee Share Option Scheme and Reward Scheme	26/02/2016
Harun Bin Halim Rasip	21st Coaltrans Asia 2015 Conference	07/06/2015 to 09/06/2015
David Loo Kean Beng	Global Institute for Leadership Development in California, U.S.A	04/10/2015 to 09/10/2015
Dato' Tan Ang Meng	Risk Management & Internal Control: Workshop for Audit Committee Members – "An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?"	11/06/2015
	Tricor Breakfast Talk – Analysis of Corporate Governance Disclosure in the Annual Reports of Listed Issuers	03/02/2016
Dato' Seri Md Ajib Bin Annuar	Global Bauxite Conference 2015	29/06/2015 to 30/06/2015
	MOG Investor Education Seminar on Zinc Markets, Explorations & Exploration	24/08/2015
	China-ASEAN Mining Cooperation Forum	18/09/2015 to 19/09/2015
	International Tin Chemical & Solder Conference & Exhibition	07/10/2015 to 08/10/2015
	ITRI International Tin Conference 2016	25/04/2016 to 28/04/2016
	ASEAN Business Advisory Council Malaysia (ASEAN-BAC) Dialogue	12/05/2016
Dato' Sri Syed Ismail Bin Dato's Haji Syed Azizan	The International Co-operative Alliance Global Conference and General Assembly, Antalya Turkey	10/11/2015 to 13/11/2015

## STATEMENT OF CORPORATE GOVERNANCE

Board	Training Attended	Date
Leong So Seh (appointed on 21 April 2016)	Risk Management & Internal Control: Workshop for Audit Committee Members – “An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?”	11/06/2015
	Bursa Malaysia CG Breakfast series with Directors: “Bringing the Best out in Boardroom”	31/07/2015
	Seminar on New Auditor Reporting: Why it matters to you	07/01/2016

### 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 your Fund's investment portfolios by the Fund Manager immediately after the conclusion of the AGM.

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 meetings, the External Auditors will be invited to present their yearly audit plans, audit findings and accounting standards updates to the members of the Audit Committee. The Audit Committee held a private discussion session with the External Auditors in respect of the audit of your Fund's financial statements for FYE 2016.

The Audit Committee had obtained written assurance from the External Auditors, Messrs Crowe Horwath, who 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 summary of the work of the Audit Committee in relation to the External Auditors is set out on pages 27 to 28 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 had 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 34 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 obtained assurance that the system of risk management and internal control has taken into account the process of identifying key risks as well as the likelihood of occurrence and materiality. Your Board, through the Audit Committee, defines the level of risk appetite, approves and oversees the operation of your Fund's Risk Management Framework. Your Board, through the Audit Committee, assesses its effectiveness and reviews any major/significant risks faced by 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.

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 share owners' investments.

Your Fund's Statement on Risk Management and Internal Control, which provides an overview of the risk management of your Fund is set out on pages 30 to 31 of this Annual Report.

#### 6.2. Internal Control

Your Board acknowledges that it is responsible for maintaining a sound system of internal controls. The Statement on Risk Management and Internal Control, which provides an overview of the state of internal control is set out on pages 30 to 31 of this Annual Report.

#### 6.3. Internal Auditors

Your Fund has appointed Bridge Corporate Advisory Sdn Bhd, a professional service firm, to carry out the 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 and MMLR 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. Your Board as a whole, with the assistance of Fund Manager and Company Secretaries,

is responsible for determining the 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 Share Owners

### 8.1. Encourage Poll Voting

Effective 1 July 2016, all the resolutions set out in the notice of general meetings of your Fund must be voted by poll. To assist the share owners in exercising their rights, the Chairman will invite the Share Registrar to brief the share owners on the poll procedures before votes are casted.

### 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 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. General meetings of the Fund;
- ii. Announcements and disclosures made to the Bursa Securities, which include 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. Dialogues with financial analysts;
- v. Investor Day, as and when necessary; and
- vi. Responding to emails and letters from share owners.

Your Board is in the process of having a Shareholder Communication Policy drafted.

Your Fund's AGM and presentation on the Fund's investment portfolios by the Fund Manager after the conclusion of the AGM are also important forums for communication and dialogue with share owners. Your Board encourages share owners to attend and participate in the AGM and presentation. Your Board and advisers are on hand to answer questions and give clarifications. Contacts for the Fund Manager and Investment Adviser can be found on the reverse page of the back cover of the Annual Report and corporate website.

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 to review existing policies and procedures from time to time to ensure full compliance thereof.

This Corporate Governance Statement was approved by your Board on 19 July 2016.

# AUDIT COMMITTEE REPORT

## 1. COMPOSITION

The Audit Committee ("AC") comprises:-

Name	Designation	Directorship
Harun Bin Halim Rasip*	Chairman	Senior Independent Non-Executive Director
David Loo Kean Beng	Member	Independent Non-Executive Director
Dato' Tan Ang Meng*	Member	Independent Non-Executive Director
Dato' Seri Md Ajib Bin Anuar	Member	Independent Non-Executive Director

\* Member of the Malaysian Institute of Accountants.

The Audit Committee fulfils the requirements of Paragraphs 15.09 and 15.10 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR").

## 2. TERMS OF REFERENCE

The full Terms of Reference of the Audit Committee, outlining the Audit Committee's composition, proceeding of meeting, authority, duties and responsibilities, roles and rights, retirement and resignation, is available on your Fund's corporate website at [www.icapital.my](http://www.icapital.my).

## 3. MEETINGS

During the financial year ended 31 May 2016 ("FYE 2016"), a total of four Audit Committee meetings were held and the attendance of each member was as follows:-

	Meeting Dates				
	27-07 2015	06-10 2015	12-01 2016	12-04 2016	Total
<b>Chairman</b> Harun Bin Halim Rasip	✓	✓	✗	✓	3/4
<b>Members</b> David Loo Kean Beng	✓	✓	✗	✓	3/4
Dato' Tan Ang Meng	✓	✓	✓	✓	4/4
Dato' Seri Md Ajib Bin Anuar	✓	✓	✓	✓	4/4

As a closed-end fund ("CEF"), the entire Board of Directors of your Fund ("Board") is independent and non-executive and unlike a normal listed company, your Fund has no chief executive, management or employees. Your Fund employs an external management structure whereby all its functions are undertaken by the external service providers. The External Auditors of your Fund is Crowe Horwath. The information on the service providers and External Auditors is disclosed in the inside back cover of this annual report.

In view thereof, the service providers and External Auditors attended the meetings after receiving an invitation by the Audit Committee.

## AUDIT COMMITTEE REPORT

Minutes of each Audit Committee meeting were recorded and tabled for confirmation at the next following Audit Committee meeting and presented to the Board for notation.

### 4. ANNUAL ASSESSMENT

On 19 July 2016, the Board, based on the recommendation of the Nomination Committee, reviewed the term of office and assessed the performance of the Audit Committee through an annual Board effectiveness evaluation. The Board was of the view that the Audit Committee:

- (a) was well-balanced, with its members having diverse skill sets and core competencies; and
- (b) had performed satisfactorily in the discharge of its functions, duties and responsibilities in accordance with the Terms of Reference during FYE 2016.

### 5. SUMMARY OF THE WORK DURING THE FINANCIAL YEAR

The work undertaken by the Audit Committee in the discharge of its functions and duties during FYE 2016 was summarised as follows:-

#### (a) Financial Reporting

##### (i) Overseeing the financial reporting of your Fund

The Audit Committee reviewed your Fund's fourth quarter financial results and the annual financial statements for the financial period/year ended 31 May 2015 ("FYE 2015") at its meeting on 27 July 2015.

The first, second and third quarter results for the respective periods ended 31 August 2015, 30 November 2015 and 29 February 2016 were reviewed by the Audit Committee at the meetings held on 26 October 2015, 12 January 2016 and 12 April 2016 respectively.

On 19 July 2016, the Audit Committee reviewed your Fund's fourth quarter financial results and the annual financial statements for the financial period/year ended 31 May 2016 ("FYE 2016") at its meeting.

The review was to ensure the quarterly results and annual financial statements were prepared in accordance with:

- Malaysian Financial Reporting Standard;
- International Accounting Standards 34 Interim Financial Reporting;
- Paragraph 9.22 of the MMLR; and
- Section 169 and Ninth Schedule of the Companies Act, 1965.

The Audit Committee's recommendations were presented to the Board for approval at the Board meetings held on 27 July 2015, 26 October 2015, 12 January 2016, 12 April 2016 and 19 July 2016.

##### (ii) Review of quarterly and annual financial reports

The Board appointed the Administrator to prepare the quarterly and annual financial reports.

The Fund Manager computed, maintained and delivered the net asset value ("NAV") reports and full set of accounts to the Administrator to compute, maintain, verify and reconcile the quarterly and annual financial reports. The Administrator thereafter sent the quarterly and annual financial reports to the Fund Manager for review on quarterly basis before

tabling the said reports to the Audit Committee and Board for review and approval at the Audit Committee and Board meetings.

The above system of checks and balances was implemented to ensure that the quarterly and annual financial reports of your Fund gave a true and fair view of the financial position of the Group and complied with applicable financial reporting standards.

#### (b) External Audit

- (i) On 27 July 2015 and 19 July 2016, the Audit Committee at its meetings, reviewed the Audit Review Memorandum and Independent Auditors' Report on the draft audited financial statements for FYE 2015 and FYE 2016 respectively presented by the External Auditors.

Crowe Horwath declared their independence with respect to the audit of your Fund in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice). Crowe Horwath also confirmed that they were not aware of any non-audit services that had compromised their independence as External Auditors of your Fund.

The Audit Committee also received written confirmations dated 27 July 2015 and 19 July 2016 from the External Auditors that during their course of audit for FYE 2015 and FYE 2016 respectively, nothing had come to their attention that there was any material deficiency in internal controls of your Fund for FYE 2015 and FYE 2016.

The Audit Committee noted the significant audit findings as follows:-

##### (aa) Investment

	31 May 2016 RM million	31 May 2015 RM million	31 May 2014 RM million
Total investment	126	145.6	185.7

##### (i) For FYE 2015:

The decrease was mainly due to the following:

- Disposal of investments in Fraser & Neave Holdings Berhad, Petronas Dagangan Berhad and Suria Capital Holdings Berhad amounting to RM5.712 million; and
- Changes in fair value during FYE 2015 of RM34.4 million.

##### (ii) For FYE 2016

The net decrease was mainly due to the following:

- Decrease in fair value adjustment reserve of RM2.78 million;
- Impairment loss on a quoted investment, Parkson Holdings Berhad ("PHB"), amounting to RM12.51 million;
- Disposal of quoted investments in P.I.E. Industrial Berhad, Vitrox Corporation Berhad and Wellcall Holdings Berhad at cost amounting to RM10.61 million; and
- Purchase of quoted shares at cost amounting to RM6.32 million.

(bb) Assessment for indication of impairment on investment

(i) For FYE 2015:

The investment in Malaysia Smelting Corporation Berhad ("MSCB") was impaired due to the decline in fair value of MSCB's share price below the original cost of the equity instrument by more than 20% according to Financial Reporting Standards Implementation Committee issued Consensus 14 – Impairment of Investment in Equity Instrument Categorised as Available-for-Sale of Financial Asset ("FRSIC Consensus 14"), which had persisted for more than 9 to 12 months.

(ii) For FYE 2016:

The investment in PHB was impaired due to the decline in fair value of PHB's share price below the original cost of the equity instrument by more than 20% according to FRSIC Consensus 14, which had persisted for more than 9 to 12 months.

(ii) On 27 July 2015 and 19 July 2016, the Audit Committee conducted an evaluation of the External Auditors for FYE 2015 and FYE 2016 respectively through External Auditors' evaluation forms based on the following criteria:

- Quality of services and sufficiency of resources provided by the Auditors;
- Communication and interaction with the Auditors; and
- Auditors' objectivity, independence and professional skepticism.

Based on this evaluation, the Audit Committee was satisfied with the performance of the External Auditors and agreed that Crowe Horwath had demonstrated their objectivity, independence and professionalism throughout their course of audit.

Based on the Audit Committee's recommendation, the Board agreed to table the re-appointment of Crowe Horwath as the External Auditors for ensuing financial year for share owners' approval at the forthcoming Annual General Meeting.

(iii) On 12 April 2016, the Audit Committee at its meeting reviewed the Audit Planning Memorandum for FYE 2016 presented by the External Auditors.

Crowe Horwath highlighted that two revised International Standards on Auditing ("ISA"), i.e. "ISA 570 – Assess the indicators of going concern" and "ISA 701 – Key audit matters to be communicated", shall be included in the Independent Auditors' Report for the audits of financial statements for period ending 15 December 2016.

For ISA 570, the External Auditors would have to assess the indicators of going concern and indicate whether any material uncertainty exists that may cast significant doubt on your Fund's ability to continue as a going concern.

For ISA 701, the key audit matters to be communicated included the following:

- Areas of higher assessed risk of material misstatement;
- Significant auditor judgments relating to areas of financial statements that involved significant Board's judgment; and
- Effect on the audit of significant events or transactions that occurred during the period.

The Audit Committee agreed with Crowe Horwath that the audit emphasis for FYE 2016 shall focus on the areas on investments, other receivables and short-term deposits, cash and bank balances, related parties, revenue and going concern, which would be assessed through three areas i.e. financial, operation and others.

The amount of audit and non-audit fees of your Fund for FYE 2016 shall remain unchanged compared with FYE 2015, the particulars of which were as follows:

Particulars	Amount (RM)	Total (RM)
<b>Audit fee</b>	38,000.00	38,000.00
<b>Non-audit fees</b>		
Review of statement on risk management and internal control	5,000.00	
Review of financial statements	5,000.00	
Determination of realised and unrealised profits or losses	2,000.00	12,000.00
		<b>50,000.00</b>

The Audit Committee recommended the above proposed fees to the Board for approval and the same was approved by the Board on 12 April 2016.

The Audit Committee noted and accepted the Audit Planning Memorandum for FYE 2016 tabled by the External Auditors.

(iv) On 19 July 2016, the Audit Committee reviewed and recommended the Auditor Independence Policy, which sets out, among others, the following criteria for the Board's approval:

- (aa) The adequacy of experience and resources of the audit firm and the professional staff assigned to the audit;
- (bb) The level of non-audit services to be rendered by the External Auditors to your Fund; and
- (cc) The performance, technical competency and audit independence.

The Board had on the even date approved the aforesaid Auditor Independence Policy.

**(c) Internal Audit**

(i) Your Fund has outsourced its internal audit function to Bridge Corporate Advisory Sdn. Bhd. ("Bridge"), 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 risk management and internal controls implemented by the service providers of your Fund in accordance with International Standards for the Professional Practice of Internal Auditing to ensure that the assets of your Fund are adequately safeguarded and to report any audit findings directly to the Audit Committee.

## AUDIT COMMITTEE REPORT

- (ii) On 27 July 2015, the Audit Committee reviewed and accepted the Internal Audit Plan for FYE 2016 presented by the Internal Auditors where Bridge would conduct its internal audit on the service providers of your Fund in August 2015, November 2015, February 2016 and May 2016 for the first to fourth quarter of FYE 2016 respectively.

Bridge had conducted internal audit on all service providers except for Investment Advisor because Bridge was unable to comment on the investment recommendations made by the Investment Advisor. In this respect, the Audit Committee had advised Bridge to conduct its audit on the Fund Manager to check whether it had acted in accordance with the recommendations of the Investment Advisor.

The Audit Committee also reviewed and accepted the internal audit report for the fourth quarter ended 31 May 2015 where the scope of review covered key processes of the services of fund management, custodian, accounting and administrative and corporate secretarial for the period March 2015 to May 2015. The overall test results were satisfactory.

- (iii) On 27 July 2015 and 19 July 2016, the Audit Committee conducted an evaluation of the internal audit function for FYE 2015 and FYE 2016 respectively through the Internal Auditors' Evaluation Form based on the following criteria:

- Understanding of the business of your Fund;
- Skills and experience of the Internal Auditors;
- Communication skills; and
- Overall performance of the Internal Auditors.

Based on this evaluation, the Audit Committee was satisfied that the internal audit functions carried out by the Internal Auditors were appropriate for the size and the nature and scope of the activities of your Fund.

- (iv) For FYE 2016, the Audit Committee reviewed and accepted the internal audit reports presented by the Internal Auditors in respect of the audit of the following key processes carried out by the respective service providers on the dates stated below:

Period of Coverage	Key Processes	Date of Audit Committee Meeting
June 2015 to August 2015	• Fund management services; • Custodian services; and • Accounting and administrative services.	26 October 2015
September 2015 to November 2015	• Fund management services; • Custodian services; • Accounting and administrative services; and • Corporate secretarial services.	12 January 2016
December 2015 to February 2016	• Fund management services; • Custodian services; and • Accounting and administrative services.	12 April 2016
March 2016 to May 2016	• Fund management services; • Custodian services; • Accounting and administrative services; and • Corporate secretarial services.	19 July 2016

The Audit Committee noted the overall test results on the above audits were satisfactory and there were no significant findings.

- (v) On 12 April 2016, the Audit Committee reviewed the Enterprise Risk Management Annual and update as of March 2016 ("ERM Report") presented by the Internal Auditors.

The Audit Committee noted the risk components covered external, regulatory, legal, corporate governance, financial, competition, operational and human capital and the highest risk identified by Bridge in the Fund was political risk.

In this respect, the Audit Committee agreed that political risk was not totally immitigable because political risk could be managed with reasoned foresight and investment.

The Audit Committee accepted the ERM Report subject to the aforesaid amendment.

- (vi) The costs incurred for the Internal Audit function in respect of FYE 2016 was RM20,000.00.

### (d) Other Activities

#### (i) Recurrent Related Party Transactions ("RRPTs")

The Audit Committee reviewed all the RRPTs of your Fund at its meetings held on 27 July 2015, 26 October 2015, 12 January 2016, 12 April 2016 and 19 July 2016.

On 12 February 2016, your Board made an announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") because your Fund had, in the ordinary course of business, entered into the RRPTs with its related parties namely the Fund Manager and Investment Advisor where the aggregated actual value of such RRPTs transacted for the periods from 1 August 2015 to 30 April 2016 had exceeded the percentage ratio of 1% as prescribed under Paragraph 10.09(1)(a) of the MMLR.

Details of the announcement can be found at Bursa Securities' website and your Fund's corporate website.

#### (ii) Letter dated 29 October 2015 from Bursa Malaysia Securities Berhad re: Internal Audit Function

On 12 January 2016, the Audit Committee deliberated on the reply to Bursa Securities' letter dated 29 October 2015 pertaining to the Internal Audit Function where the Audit Committee was requested to report to Bursa Securities on its assessment of the Internal Auditors in respect of the work performed by them for FYE 2015.

The evaluation of the Internal Auditors is disclosed in item 5(c) (iii) of this report.

The Audit Committee reported the aforesaid matter to the Board for consideration on the even date and replied to Bursa Securities on 16 February 2016.

#### (iii) Letter dated 16 December 2015 re: Analysis of Corporate Governance Disclosures in Annual Reports and Reports on Company's performance from Bursa Malaysia Securities Berhad

On 12 January 2016, the Audit Committee also reviewed and deliberated on the subject letter which highlighted areas of strengths and weaknesses of your Fund's corporate governance disclosure in its annual reports of 2013 and 2014.

In order to improve the quality of corporate disclosure, the Audit Committee agreed that your Fund would disclose the processes in place in the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control and explain those areas which were not pertinent to your Fund because it is not a normal listed issuer.

The Audit Committee reported the aforesaid matter to the Board for attention on the even date.

# STATEMENT ON 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 the company's assets. Bursa Malaysia Securities Berhad's ("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 controls. 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.

## Roles and Responsibility

### A) Board of Directors

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.

### B) Audit Committee

The Audit Committee ("AC") is established by your Board, and governed by clearly defined terms of reference and authority for areas within their scope. The review of the risk management and internal control reports and processes is delegated by the Board to AC to assist the Board in reviewing and overseeing the effectiveness of the risk management of your Fund.

### C) External Service Providers

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 responsibilities are to oversee and review the functions 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 a 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 approved by the Audit Committee and carry out the function based on the International Standards for the Professional Practice of Internal Auditing. Since the adoption of the Enterprise Risk Management framework, 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 operations 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 deliberation on a quarterly basis, included response from the service providers and corrective actions taken or to be taken in regard to the specific findings and recommendations. The service provider as a whole is responsible for ensuring that the necessary corrective actions on reported weaknesses are promptly taken. The Audit Committee presents the internal audit 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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

your Board prior to submission to Bursa Securities and released to share owners. The Fund does not have any subsidiaries, 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 for 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.

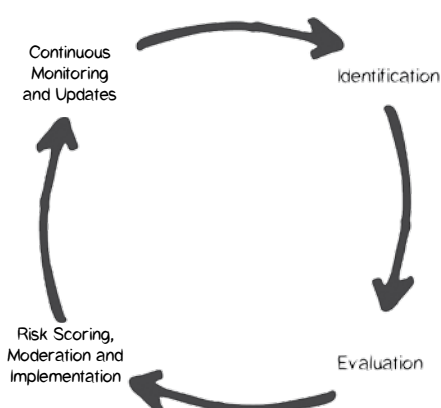
### (iii) Audit Committee

Your Board has established the Audit Committee which comprises four (4) Independent Non-Executive Directors. Details of report of the Audit Committee are disclosed in the Audit Committee Report on pages 26 to 29 and the terms of reference of the Audit Committee is made available for reference in your Fund's website at [www.icapital.my](http://www.icapital.my).

### (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 Enterprise Risk Management ("ERM") framework"].

The ERM process adopted is as follows:-



The responsibility of risk identification and management lies with the respective service providers. Any significant risks identified with the corresponding risk management activities are communicated to the Fund Manager, who together with the ERM service provider, will evaluate and score the risks.

An ERM detailed report will then be presented to your

Board, through the Audit Committee, for further deliberation and adoption. The internal auditors together with various service providers will monitor significant risks identified and the risk management activities adopted and internal auditors will update the risk register annually. At the end of each financial year, the Fund Manager, Custodian and Administrator will provide a written assurance that the Fund's risk management and internal control system is operating adequately and effectively in all material aspects.

As at the date of the annual report, the ERM framework, policy and your Fund's risk profiles have been implemented and are subject to annual review.

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

### (v) Whistleblowing Policy

Your Board had formalised a whistle-blowing policy as the Board is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. In recognising these values, your Fund provides an avenue for service providers, and members of the public to disclose any improper conduct within your Fund.

Any concerns relating to misconduct, questionable issues or improper actions could be made in writing via post to the Chairman of the Audit Committee at the registered address of [icapital.biz](http://icapital.biz) Berhad, details of which are set out on the reverse page of the back cover of this Annual Report.

The reporting parties should disclose their names, contact numbers, details of person(s) involved, nature of allegation, where and when the incident took place and evidence, if possible.

All concerns will be dealt with in strictest confidence and the reporting parties will be assured that their identities will be kept confidential within the limits required by the law.

### Conclusion

Your Board has received written 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 aspect, based on the risk management framework and internal control system of your Fund.

After due consideration and review of the risk management and internal control, 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 2016.

# CORPORATE RESPONSIBILITY

icapital.biz Berhad takes its responsibility as a corporate citizen seriously. It is committed to achieving its investment objectives through responsible corporate practices, and to improving and nurturing a more harmonious society, be it for its share owners, investors and the community at large.

## Share Owner Value

By adhering to its eclectic value investing philosophy, icapital.biz Berhad is committed to safeguarding share owners' long-term interest by increasing its net asset value over the long-term, within levels of risk acceptable to value investing.

## Community Engagement and Responsible Investing

As a relatively small listed fund, we focus our initiatives where our limited resources can have the greatest positive impact on the community; therefore, we apply our corporate responsibility efforts by identifying areas where we can engage the community and encourage responsible investing.

## The Investor Day of icapital.biz Berhad

At icapital.biz Berhad, we believe that responsible investing starts with having sound investment knowledge. This forms the basis of the Investor Day of icapital.biz Berhad, a non-profit investor education event open to both our share owners and the investing public. We believe that everyone should have access to sound quality investment education. The Investor Day of icapital.biz Berhad is one of Asia's most innovative investment events.

## The 2015 Investor Day

The 2015 Investor Day was held on Saturday, 19th and Sunday, 20th September, 2015 at the KL Convention Centre. In line with its increasing success, more than 11,000 people registered for the event.

### Day 1 (19th September) – Where are we really heading ? The Malaysian story

On Day 1, Tan Teng Boo held a lively 3-hour interactive session. He shared his insights on the turbulent political landscape in Malaysia and he emphasized that despite these difficulties, there is hope for all Malaysians to secure a better future and live richer lives. The main thrust of his talk was that the journey to a better Malaysia starts with each and every Malaysian.

### Day 2 (20th September) – One certainty is there will always be uncertainties. Use mental gymnastics to thrive in uncertainty.

Day 2 was all about learning from the people who thrive on uncertainty. Most of what people worried over in recent years did not occur. The biggest risk for most of us is something few have talked about. Tan Teng Boo started the long day teaching the participants about "Mental Gymnastics." Changing one's mindset is one of the most difficult things to do. It is easier to believe a falsehood than to summersault your brain.

Presentations on "Margin of Safety", the core principle of value investing, and how it allows low risk but high returns, the low interest rate regime, the weakening Ringgit, "One Belt, One Road, One Asian Bank" and why investing in icapital.biz Berhad works followed. Participants also received timely updates from Tan Sri Lodin Wok Kamarrudin, Group Managing Director of Boustead Holdings and Madam Ng Kiat Min, CFO of Suria Capital Holdings.

The 2015 Investor Day was by far the most successful since its inception in 2010. We share some of the comments made by the participants:

"Today's event is very interesting as Mr. Tan is giving the social responsibility to all the Malaysians which I think is very important to nation building"

-Mr. Chong

"This is a very wonderful thing, a wonderful talk coming from Teng Boo. It's one of very rare things you can get from somebody. People say he's the Warren Buffett of Malaysia. I think it is a very good event to go to"

-Mr. Jayan

"During after lunch you tend to slumber and fall asleep...but yesterday and today it was a fantastic session...I think the insights they bring to the floor are interesting and very candid ..... I have understood a lot and I think it will help us to make better decisions"

-Mr. Pat and Mrs. Dee

## The 2016 Investor Day

The 2016 Investor Day of icapital.biz Berhad will once again provide a unique and invaluable opportunity for share owners and the public to gain investment skills and insights through interactive presentations and top quality investment talks.

Day 1 will stay true to its aim of letting the investing public have a glimpse of Teng Boo's insights on matters that go beyond stock markets. The theme this year is "Break Away". This topic is centered on life transformations. This may not be as easy as we think, but it may not be that hard either. Taking the first step requires a lot of courage, determination, and support. People are often afraid of "breaking away" but on Day 1, participants will get a chance to know what this means from someone who did just that twenty-eight years ago and has never looked back since.

Day 2 will again consist of 3 tracks. By taking participants through the history of value investing, icapital.biz Berhad aims at helping them understand value investing more effectively. Participants will also get to hear how value investing works in a world where there is no interest rate. In line with its past practice of widening the skills and knowledge of share owners and the public, there will be talks on China's banking structure, assessing initial public offerings in various markets, investing in China's stock market and a unique panel discussion on Malaysia's economy. The regular sessions on understanding financial statements, technical analysis and economic indicators will be conducted. Share owners and the rest will hear updates from senior management of the listed companies that icapital.biz Berhad has invested in.

Come with your family, colleagues and friends and join us on Saturday, 24th September and Sunday, 25th September 2016 at the KLCC and access the wisdom of Tan Teng Boo and the other speakers. Equip yourself with time-tested investment wisdom to make sound investment decisions.

icapital.biz Berhad prides itself on being a conscientious corporate citizen. The annual Investor Day of icapital.biz Berhad has become a key avenue for your Fund to implement effective corporate responsibility initiatives and to help make the world a better place.

Lastly, we wish to thank Tan Teng Boo and his team at Capital Dynamics for working hard to organise all the Annual General Meetings, the Investor Days of icapital.Biz Berhad, and more. Believing strongly in the raison d'être of icapital.biz Berhad that "serious long-term investing in Bursa Securities can offer superior returns", they were not paid any extra fee in undertaking these selfless initiatives.

# FINANCIAL STATEMENTS

## Contents

Directors' Report	33
Statement by Directors	34
Statutory Declaration	35
Independent Auditors' Report	35
Statement of Financial Position	36
Statement of Changes in Equity	36
Statement of Profit or Loss and Other Comprehensive Income	37
Statement of Cash Flows	37
Notes to the Financial Statements	38

## DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of your Fund for the financial year ended 31 May 2016.

### 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 21,359,588

### DIVIDEND

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

### 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. Datuk Ng Peng Hong @ Ng Peng Hay
2. David Loo Kean Beng
3. Harun Bin Halim Rasip
4. Dato' Tan Ang Meng
5. Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan
6. Dato' Seri Md Ajib Bin Anuar
7. Leong So Seh (Appointed on 21.4.2016)

### DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			
Indirect Interests	At 1.6.2015	Bought	Sold	At 31.5.2016
Harun Bin Halim Rasip *	39,900	-	-	39,900

\* Deemed interest by virtue of his shareholding in Halim Rasip Holdings Sdn. Bhd.

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

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by your Fund or a related corporation with the Director or with a

firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 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 19 July 2016

Datuk Ng Peng Hong @ Ng Peng Hay

Harun Bin Halim Rasip

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Datuk Ng Peng Hong @ Ng Peng Hay 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 36 to 46 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 your Fund at 31 May 2016 and of its financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 19, 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 19 July 2016

Datuk Ng Peng Hong @ Ng Peng Hay

Harun Bin Halim Rasip

## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF  
THE COMPANIES ACT 1965

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 36 to 46 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  
19th day of July 2016

Before me

Datin Hajah Raihela Wanchik (No. W - 275)  
Commissioner for Oaths

Tan Teng Boo

## 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 2016, and the statement of profit or 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 36 to 46.

#### *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 2016 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 19 on page 46 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

19 July 2016  
Kuala Lumpur

**Chan Kuan Chee**  
Approval No: 2271/10/17 (J)  
Chartered Accountant

## STATEMENT OF FINANCIAL POSITION AT 31 MAY 2016

ASSETS	Note	2016 (RM)	2015 (RM)
<b>NON-CURRENT ASSET</b>			
Investments	5	126,022,371	145,596,798
<b>CURRENT ASSETS</b>			
Other receivables, deposit and prepayments	6	2,041,828	3,488,512
Short-term deposits	7	302,759,351	257,433,655
Bank balance		721,912	517,723
		305,523,091	261,439,890
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	8	6,712,983	1,244,607
Provision for taxation		635,982	175,317
		7,348,965	1,419,924
<b>NET CURRENT ASSETS</b>		298,174,126	260,019,966
		424,196,497	405,616,764
<b>FINANCED BY:-</b>			
Share capital	9	140,000,000	140,000,000
Reserves	10	284,196,497	265,616,764
<b>SHAREHOLDERS' EQUITY</b>		424,196,497	405,616,764
Net assets per ordinary share	11	3.03	2.90
Net asset value per ordinary share	11	3.03	2.90

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

	Non-distributable		Distributable	Total Equity (RM)
	Share Capital (RM)	Fair Value Reserve (RM)	Retained Profits (RM)	
Balance at 1.6.2014	140,000,000	84,846,356	202,319,038	427,165,394
Profit after taxation	-	-	10,482,131	10,482,131
Impairment loss on investment recognised in profit or loss	-	2,392,124	-	2,392,124
Other comprehensive income				
- Fair value gain on investments for the financial year	-	(26,145,061)	-	(26,145,061)
- Reclassification to profit or loss on investments disposed	-	(8,277,824)	-	(8,277,824)
Total comprehensive expenses for the financial year	-	(32,030,761)	10,482,131	(21,548,630)
Balance at 31.5.2015/1.6.2015	140,000,000	52,815,595	212,801,169	405,616,764
Profit after taxation	-	-	21,359,588	21,359,588
Impairment loss on investment recognised in profit or loss	-	12,506,585	-	12,506,585
Other comprehensive income				
- Fair value loss on investments for the financial year	-	15,571,117	-	15,571,117
- Reclassification to profit or loss on investments disposed	-	(30,857,557)	-	(30,857,557)
Total comprehensive income for the financial year	-	(2,779,855)	21,359,588	18,579,733
Balance at 31.5.2016	140,000,000	50,035,740	234,160,757	424,196,497

# FINANCIAL STATEMENTS

## STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

Revenue	Note	2016 (RM)	2015 (RM)
Interest income		8,778,199	7,396,822
Dividend income		4,399,147	6,132,836
Net gain on disposal of quoted investments		30,857,557	8,277,824
		44,034,903	21,807,482
<b>Less: Operating expenses</b>			
Accounting and administrative fees		91,000	91,000
Advertisements		185,956	406,751
Annual general meeting expenses		329,206	417,303
Audit fee		38,000	33,000
Custodian expenses		55,209	67,227
Directors' fees		309,493	294,068
Fund management fee		3,075,342	3,187,354
Impairment loss on quoted investments		12,506,585	2,392,124
Investment advisory fee		3,075,342	3,187,354
Professional fee		139,097	178,071
Service tax		1,927	14,137
Others		510,166	148,146
		20,317,324	10,416,535
<b>Profit before taxation</b>		23,717,579	11,390,947
Income tax expense	12	(2,357,991)	(908,816)
<b>Profit after taxation</b>		21,359,588	10,482,131
Other comprehensive income	13	(2,779,855)	(32,030,761)
Total comprehensive income/(expenses) for the financial year		18,579,733	(21,548,630)
Profit after taxation attributable to owners of your Fund		21,359,588	10,482,131
Total comprehensive income/(expenses) attributable to owners of your Fund		18,579,733	(21,548,630)
Basic earnings per ordinary share	14	0.15	0.07

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

	Note	2016 (RM)	2015 (RM)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		23,717,579	11,390,947
Profit before taxation			
Adjustments for:-			
Impairment loss on quoted investments		12,506,585	2,392,124
Net gain on disposal of quoted investments		(30,857,557)	(8,277,824)
Operating profit before working capital changes		5,366,607	5,505,247
Decrease/(Increase) in other receivables, deposit and prepayments		1,446,684	(1,146,425)
Increase in other payables and accruals		5,468,376	905,864
Proceeds from disposal of quoted investments		41,467,361	13,989,648
Purchase of quoted investments		(6,321,817)	-
<b>CASH FROM OPERATIONS</b>		47,427,211	19,254,334
Net income tax paid		(1,897,326)	(1,693,500)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		45,529,885	17,560,834
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		45,529,885	17,560,834
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		257,951,378	240,390,544
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	15	303,481,263	257,951,378

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2016

### 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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 19 July 2016.

### 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/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions  
Annual Improvements to MFRSs 2010 – 2012 Cycle  
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on your Fund's financial statements.

- 3.2 Your Fund has not applied in advance the following accounting standard(s) and/or interpretation(s) (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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

##### **(a) 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.

## (b) 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.

## 4.2 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.

## 4.3 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.

### (a) 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.

#### (i) 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.

#### (ii) Held-to-maturity Investments

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

#### (iii) 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.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

#### (iv) 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.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

### (b) Financial Liabilities

All financial liabilities are initially measured 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.

Financial liabilities are classified as current liabilities unless your Fund has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### (c) 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) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 4.4 IMPAIRMENT

### (a) 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.

### (b) 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.

## 4.5 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 taxes relate to the same taxable entity and 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.

## 4.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

## 4.7 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.

## 4.8 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).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

#### 4.9 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.

#### 4.10 REVENUE RECOGNITION

##### (a) 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.

##### (b) Interest Income

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

##### (c) Dividend Income

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

#### 5. INVESTMENTS

	2016 (RM)	2015 (RM)
At market value:-		
Quoted securities in Malaysia, at 1.6.2015/2014	145,596,798	185,731,507
Additions during the financial year	6,321,817	-
Disposals during the financial year	(10,609,805)	(5,711,824)
Changes in fair value adjustments	(15,286,439)	(34,422,885)
Quoted securities in Malaysia, at 31.5.2016/2015	126,022,371	145,596,798
Impairment loss recognised due to fair value changes	12,506,585	2,392,124

#### 6. OTHER RECEIVABLES, DEPOSIT AND PREPAYMENTS

	2016 (RM)	2015 (RM)
Other receivables	898,234	2,383,167
Deposit	500	500
Prepayments	11,667	11,667
Related parties (Note 17)	1,131,427	1,093,178
	2,041,828	3,488,512

The amount owing by related parties is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

#### 7. SHORT-TERM DEPOSITS

	2016 (RM)	2015 (RM)
Deposits with licensed financial institutions	302,759,351	257,433,655

The deposits with licensed financial institutions of your Fund at the end of the reporting period bore an effective interest rate of 3.17% (2015 - 3.12%) per annum. The deposits with licensed financial institutions have maturity periods ranging from 1 month to 3 months (2015 - 1 month).

#### 8. OTHER PAYABLES AND ACCRUALS

	2016 (RM)	2015 (RM)
Other payables	6,321,817	5,381
Accruals	391,166	1,239,226
	6,712,983	1,244,607

#### 9. SHARE CAPITAL

	2016	2015	2016	2015
	Number Of Shares		RM	
Ordinary Shares Of RM1 Each:-				
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

**10. RESERVES**

	2016 (RM)	2015 (RM)
Fair value reserve	50,035,740	52,815,595
Retained profits	234,160,757	212,801,169
	284,196,497	265,616,764

**(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 RM424,196,497 (2015 - RM405,616,764) divided by the number of ordinary shares in issue at the end of the reporting period of 140,000,000 (2015 - 140,000,000).

**12. INCOME TAX EXPENSE**

	2016 (RM)	2015 (RM)
Current tax:		
- for the financial year	1,959,207	1,702,317
- under/(over) provision in the previous financial year	398,784	(793,501)
	2,357,991	908,816

During the financial year, the statutory tax rate was reduced to 24% from the previous financial year's rate of 25%.

The effective income tax rate was lower than the statutory rate as dividend income and gain on sale of investments were not taxable, partly offsetted by certain non-deductible expenses.

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:-

	2016 (RM)	2015 (RM)
Profit before taxation	23,717,579	11,390,947
Tax at the statutory tax rate of 24% (2015 - 25%)	5,692,219	2,847,737
Tax effects of:-		
Non-taxable income	(7,405,814)	(2,069,456)
Tax-exempt dividends	(1,055,796)	(1,533,209)
Non-deductible expenses	4,728,598	2,457,245
Under/(Over)provision in the previous financial year	398,784	(793,501)
Income tax expense for the financial year	2,357,991	908,816

**13. OTHER COMPREHENSIVE INCOME**

The components of other comprehensive income are as follows:-

	2016 (RM)	2015 (RM)
Fair value gain/(loss) on investments for the financial year	28,077,702	(23,752,937)
Reclassification to profit or loss on investments disposed	(30,857,557)	(8,277,824)
	(2,779,855)	(32,030,761)

**14. EARNINGS PER SHARE**

The basic earnings per ordinary share is arrived at by dividing the earnings for the financial year of RM21,359,588 (2015 - RM10,482,131) over the number of ordinary shares of your Fund in issue during the financial year of 140,000,000 (2015 - 140,000,000).

**15. CASH AND CASH EQUIVALENTS**

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

	2016 (RM)	2015 (RM)
Short-term deposits with licensed financial institutions	302,759,351	257,433,655
Bank balance	721,912	517,723
	303,481,263	257,951,378

## 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 related party relationships with Capital Dynamics Asset Management Sdn. Bhd. ("CDAM"), the fund manager of your Fund and Capital Dynamics Sdn. Bhd. ("CDSB"), the investment adviser of your Fund. CDSB is regarded as a related party because it is a person connected with Capital Dynamics Global Private Limited who is a major shareholder of CDAM; and

### (ii) Key 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:-

	Note	2016 (RM)	2015 (RM)
Fund management fees paid to CDAM		3,075,342	3,187,354
Investment advisory fees paid to CDSB		3,075,342	3,187,354
Amount owing by related parties	6	1,131,427	1,093,178

### (c) Key personnel of your Fund

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

	2016 (RM)	2015 (RM)
Directors of your Fund- Fees	309,493	294,068

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

	2016 (RM) No. of Directors	2015 (RM) No. of Directors
- Below RM50,000	5	6
- RM50,001 - RM100,000	2	2
	7	8

## 18. 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.

### 18.1 FINANCIAL RISK MANAGEMENT POLICIES

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

#### (a) Single Issuer Risk

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

#### (b) 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 risks 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 2016/2015. The analysis is based on the assumption that the market prices of the quoted securities in which your Fund invested changes by +/-10% (2015: +/-10%) with all other variables held

## FINANCIAL STATEMENTS

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 economic characteristics of the investee and general market conditions.

	Impact on Other Comprehensive Income/Net Assets Value	
	Price Risk	
	-10% (RM)	+10% (RM)
31 May 2016	(12,602,237)	12,602,237
31 May 2015	(14,559,680)	14,559,680

### (ii) Foreign Currency Risk

Your Fund does not have any transactions or balances denominated in foreign currencies, 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:-

	2016 Increase/ (Decrease) RM	2015 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 100 basis points (bp)	2,270,695	1,930,752
Decrease of 100 bp	(2,270,695)	(1,930,752)
Effects on equity		
Increase of 100 bp	2,270,695	1,930,752
Decrease of 100 bp	(2,270,695)	(1,930,752)

### (c) Credit Risk

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

#### Credit risk concentration profile

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

#### 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.

### (d) Liquidity Risk

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

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)
2016					
Other payables and accruals	-	6,712,983	6,712,983	6,712,983	-
2015					
Other payables and accruals	-	1,244,607	1,244,607	1,244,607	-

## 18.2 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 external borrowings plus trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of your Fund at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

## 18.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2016 (RM)	2015 (RM)
<b>Financial Assets</b>		
<u>Available-for-sale financial asset</u>		
Investments	126,022,371	145,596,798
<u>Loans and receivables financial assets</u>		
Other receivables and deposit	2,030,161	3,476,845
Short-term deposits	302,759,351	257,433,655
Bank balance	721,912	517,723
	305,511,424	261,428,223
<b>Financial Liability</b>		
<u>Other financial liability</u>		
Other payables and accruals	6,712,983	1,244,607

## 18.4 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:

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level (L) 1 (RM)	L2 (RM)	L3 (RM)	L1 (RM)	L2 (RM)	L3 (RM)	(RM)	(RM)
<b>2016</b>								
<u>Financial Asset</u>								
Investments: - quoted shares	126,022,371	-	-	-	-	-	126,022,371	126,022,371
<b>2015</b>								
<u>Financial Asset</u>								
Investments: - quoted shares	145,596,798	-	-	-	-	-	145,596,798	145,596,798

## 19. 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:-

	2016 (RM)	2015 (RM)
Retained profits of your Fund comprise of:-		
Realised Profits	234,160,757	212,801,169
Unrealised Profits	-	-
Total retained profits as per statement of financial position	234,160,757	212,801,169

## INVESTMENT PORTFOLIO

As of 19 July 2016, 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	12,147,786	27,444,475	25,267,395	-	(2,177,080)
2	Fraser & Neave Holdings Berhad	517,600	3,923,846	13,509,360	-	9,585,514
3	Malaysia Smelting Corporation Berhad	2,902,000	10,082,424	8,125,600	(2,392,124)	435,300
4	Padini Holdings Berhad	19,000,000	5,490,389	49,400,000	-	43,909,611
5	Parkson Holdings Berhad	10,230,760	21,202,731	8,389,223	(12,506,585)	*(306,923)
6	Suria Capital Holdings Berhad	9,244,400	15,400,153	18,488,800	-	3,088,647
7	Tong Herr Resources Berhad	3,179,300	7,237,663	6,263,221	(513,988)	(460,454)
	Total		90,781,681	129,443,599	(15,412,697)	54,074,615

As at 31 May 2016, impairment loss on investment in Parkson Holdings Berhad was RM12,506,585 due to decline in market value of Parkson Holdings. The market value as at 31 May 2016 was RM 8,696,146 and the cost was RM 21,202,731. This is considered 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 19 July 2016, the net unrealised loss for Parkson Holdings Berhad was RM306,923 together with the impairment loss of RM12,506,585 recognised as at 31 May 2016, giving the total unrealised loss of RM12,813,508.

For Tong Herr Resources Berhad and Malaysia Smelting Corporation Berhad, the impairment loss of RM513,988 and RM2,392,124 were made in the financial year 2014 and financial year 2015 respectively.

In addition, the following investments were disposed during the financial year ended 31 May 2016:-

	Companies	Shares	Cost (RM)	Disposal Value (RM)	Realised Profit (RM)
1	P.I.E Industrial Berhad	3,728,640	9,479,546	37,793,278	28,313,732
2	Vitrox Corporation Berhad	453,500	374,585	1,465,464	1,090,879
3	Wellcall Holdings Berhad	801,000	755,673	2,208,620	1,452,947
	Total		10,609,804	41,467,362	30,857,558

### 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.

#### 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 in Malaysia, and steel billets in Vietnam.

### Security Transaction Information

Total number of transactions in securities entered into for the financial year ended 31 May 2016 amounted to 25 trades with total brokerage paid of RM88,143.71.

### Gross Revenue of the Closed-End Fund

The information on your Fund's gross revenue is presented on page 37 in the audited income statement for the financial year ended 31 May 2016 as attached in this Annual Report.

# ADDITIONAL INFORMATION

## 1. Non-Audit Fees

The information on the audit and non-audit fees is disclosed in page 28 of this Annual Report.

## 2. 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:-

Party	Capital Dynamics Asset Management Sdn Bhd. ("CDAM")	Capital Dynamics Sdn. Bhd. ("CDSB")
Date	6 September 2005	6 September 2005
Nature of Transaction	Fund management fees for acting as Fund Manager to your Fund. Responsible for managing your Fund's investment.	Investment advisory fees for acting as Investment Adviser to your Fund. Responsible for providing investment research and analysis to your Fund.
Consideration	RM3,075,342.20	RM3,075,342.20
Mode of settlement of consideration	Cash	Cash
Relationships	The Fund Manager of your Fund holds 0.564% direct shareholding in your Fund.	Is a person connected with Capital Dynamics Global Private Limited ("CDGPL").
CDGPL is a major shareholder of CDAM and CDSB. Mr Tan Teng Boo is a director and major shareholder of CDGPL and director of CDAM and CDSB.		

## 3. 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.

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

As at 31 May 2016, the designated person has a direct interest in 10,000 shares and an indirect interest in 800,000 shares, whilst the Fund Manager has a direct interest in 789,000 shares.

## 5. Employees Share Scheme ("ESS")

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

## 6. Utilisation of Proceeds

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

## 7. 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.

Since 2010, your Fund, with the assistance of the Fund Manager and Investment Adviser, has taken the initiative to organise the first ever Investor Day in the corporate history of Malaysia. This unprecedented annual event is part of your Fund's CSR efforts to educate the share owners and the public on a wide range of issues relating to business, finance and investments. Many exciting and high quality programmes are planned for this CSR event each year. The 6th Investor Day will be held on 24 – 25 September 2016 at the Kuala Lumpur Convention Centre. For more insights on this CSR initiative by your Fund, please turn to page 32.

## 8. Landed Properties

Your Fund does not own any landed properties.

# ANALYSIS OF SHAREHOLDINGS

as at 19 July 2016

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

Substantial Shareholder				
	Direct		Deemed Interest	
	No.	%	No.	%
City of London Investment Management Company Ltd	-	-	21,812,100	15.58

Distribution of Shareholdings			
Total Holdings	No. of Holders	Total Holdings	% of Total Holdings
Less than 100	55	533	0.000
100 to 1,000	973	637,900	0.456
1,001 to 10,000	1,442	6,670,533	4.765
10,001 to 100,000	802	27,014,300	19.296
100,001 to 6,999,999	258	105,676,734	75.483
7,000,000 and above	0	0	0.000
<b>Total</b>		<b>140,000,000</b>	<b>100.00</b>

Directors' Interest in your Fund				
	Direct		Indirect	
	No.	%	No.	%
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
David Loo Kean Beng	-	-	-	-
Harun Bin Halim Rasip	-	-	39,900 <sup>(1)</sup>	0.029
Dato' Tan Ang Meng	-	-	-	-
Dato' Syed Ismail Bin Dato' Haji Syed Azizan	-	-	-	-
Dato' Seri Md Ajib Bin Anuar	-	-	-	-
Leong So Seh	-	-	-	-

NOTE

1. Deemed interest by virtue of his shareholdings in Halim Rasip Holdings Sdn. Bhd.

Thirty Largest Shareholders			
No.	Name	No. of Shares	%
1.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Emerging Markets Country Fund	4,891,200	3.493
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.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for the World Markets Umbrella Fund Plc	2,670,500	1.907
5.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Global Emerging Markets Fund	2,207,700	1.576
6.	HSBC Nominees (Asing) Sdn. Bhd. TNTC for United Mine Workers of America 1974 Pension Trust	2,101,300	1.500
7.	Annhow Holdings Sdn. Bhd.	2,000,000	1.428
8.	Lam Fook Shin	1,848,200	1.320
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Yeoh Ah Tu	1,737,000	1.240
10.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Emerging Markets Global Fund	1,421,800	1.015
11.	Ocuvas Sdn. Bhd.	1,370,000	0.978
12.	Leow Kok Meow & Sons Sendirian Berhad	1,250,000	0.892
13.	Heng Kim Siang	1,238,100	0.884
14.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Emerging Markets Investable Fund	1,204,300	0.860
15.	Wong Yoon Tet	1,080,000	0.771
16.	Vohrah-Merican Sdn. Bhd.	1,078,200	0.770
17.	Lai Hui Eng	1,070,400	0.764
18.	Tong Chong Kong	1,041,000	0.743
19.	Lee Siew Lin	1,040,000	0.742
20.	Soon Khiat Voon	1,002,000	0.715

21.	Loh Kian Chong	1,000,000	0.714
22.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Cornell University	996,800	0.712
23.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for University of Pittsburgh	917,000	0.655
24.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV for Deseret Mutual Master Retirement Plan	828,700	0.591
25.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Citigroup Pension Plan	824,500	0.588
26.	HSBC Nominees (Asing) Sdn. Bhd. TNTC for the Trustees of the Henry Smith Charity	791,500	0.565
27.	Yeoh Ah Tu	760,000	0.542
28.	Lee Hau Hian	700,000	0.500
29.	Goh Eng Ngai	694,400	0.496
30.	Capital Dynamics Asset Management Sdn. Bhd.	689,000	0.492

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth 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, 24 September 2016 at 9.00 a.m. for the following purposes:-

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2016 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' Fees of RM309,493.00 for the financial year ended 31 May 2016.
3. To re-elect Leong So Seh who retires pursuant to Article 103 of the Company's Articles of Association.
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and authorise the Directors to fix their remuneration.

(Please refer to  
Explanatory Note (a))

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

#### As Special Business

5. To consider and if thought fit, to pass the following resolution, with or without any modification, as Special Resolution of the Company:-  
  
"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix I be hereby approved."
6. To transact any other business for which due notice shall have been given pursuant to the Companies Act, 1965.

**Special Resolution**

By Order of the Board

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

30 August 2016  
Kuala Lumpur

#### 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, may 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, and must:

#### (i) In hard copy form

In the case of an appointment made in hard copy form, be deposited at the Company's Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 (via fax)

In the case of an appointment made by electronic means, be received via facsimile at **fax number 603-27839222** 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 Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,

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 19 September 2016. 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:

Agenda item no. 1 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 item on the Agenda is not put forward for voting.

##### (b) Resolution 2

Leong So Seh is standing for re-election as Director of the Company and being eligible, has offered herself for re-election at the Twelfth Annual General Meeting. The Board has conducted an assessment on her independence and is satisfied that she has complied with the independence criteria applied by the Company.

##### (c) Special Resolution

The proposed Resolution, if passed, will bring the Company's Articles of Association in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, facilitate some administrative matters and provide greater clarity.

#### Note in relation to the retirement of Directors:

David Loo Kean Beng and Harun Bin Halim Rasip, who are due for retirement pursuant to Article 96(1) of your Fund's Articles of Association as Directors of the Company at the Twelfth Annual General Meeting, have indicated to your Fund that they would not seek re-election at the Twelfth Annual General Meeting. Therefore, David Loo Kean Beng and Harun Bin Halim Rasip shall cease to be Directors at the conclusion of the Twelfth Annual General Meeting.

#### Presentation of Investment Portfolio of the Company

In order to keep the share owners abreast of the investments of the Company for the financial year ended 31 May 2016, 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 Twelfth Annual General Meeting.

#### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, there is no person seeking election as Director of the Company at the 12th Annual General Meeting.

# APPENDIX I

## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Company proposes to amend the Articles of Association of the Company in the following manner (for which differences are struck through and highlighted in bold below under the columns “Existing Article” and “Amended Article” respectively):

Article No.	Existing Article	Amended Article
159	<p>The Directors from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in the section. <del>The interval between the close of a financial year of the Company and the issue of the annual audited accounts and the directors’ and auditors’ reports relating to the Company shall not exceed four (4) months. A copy of each such documents in printed form or in CD-ROM, shall not less than twenty-one (21) days before the date of the meeting be sent by post to every member of, and to every holder of debentures of the Company under the provisions of the Act or of the Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange provided that this Articles shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of joint holders but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. In the event that the annual report is sent in CD-ROM and a member requires a printed form of such document, the Company shall send such document to the member within four (4) markets days from the date of receipt of the member’s request or such period as may be prescribed by the Exchange.</del></p>	<p>The Directors <b>shall</b> from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in the section. A copy <b>each of</b> such documents in printed form or in CD-ROM, shall not less than twenty-one (21) days before the date of the meeting be sent by post to every member of the Company under the provisions of the Act or of the Articles. <b>The Company</b> shall not be required to send a copy of these documents to any person of whose address the Company is not aware or to more than one of joint holders but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. In the event that the annual report is sent in CD-ROM and a member requires a printed form of such document, the Company shall send such document to the member within four (4) markets days from the date of receipt of the member’s request or such period as may be prescribed by the Exchange.</p>
173	<p>At the annual general meeting of the Company falling <del>on</del> the fifteenth (15th) year after the Company is listed on the Exchange and the Company has not then been wound-up, at the general meeting to be convened in the fifth (5th) year following the date of the annual general meeting provided the Company has not then been wound up and subject to the Guidelines and any law then in force, the Directors shall propose an ordinary resolution that the Company shall continue as a Closed-end Fund for a further period of five (5) years following the date of such general meeting. If such ordinary resolution is passed at the general meeting the Company shall continue as a Closed-end Fund for a further period of five (5) years following the date of such general meeting (“Determination Date”). The Directors shall, at each general meeting held at five yearly interval(s) following the Determination Date and at such five (5)-yearly interval(s), the Company shall not have been wound up and subject to the Guidelines and any law then in force, propose an ordinary resolution that the Company shall continue as a Closed-end Fund for a further period of five (5) years. <del>Thereafter,</del> Company shall continue as a Closed-end Fund until such time as a resolution to wind up the Company is passed. If the ordinary resolution <del>authorising</del> the Company to continue as a Closed-end Fund is not passed at the general meeting, the Directors shall recommend to the members to wind-up the Company at an extraordinary general meeting to be held no later than three (3) months from the date of the meeting at which the said ordinary resolution was not passed. If at the said extraordinary general meeting, a special resolution <del>of the members</del> is passed to wind-up the Company, the Directors shall take all necessary action as soon as is practicable to wind-up the Company.</p>	<p>(1) (a) At the annual general meeting of the Company falling <b>in 2020 (being the fifteenth (15th) year after the Company is listed on the Exchange)</b> and the Company has not then been wound-up, <b>the Directors shall present the performance of the Closed-end Fund since its inception. Then, at the annual general meeting to be convened in 2025 (being the fifth (5th) year following the date of the annual general meeting held in the 15th year)</b> provided the Company has not then been wound up and subject to the Guidelines and any law then in force, the Directors shall propose an ordinary resolution <b>at the annual general meeting held in 2025</b> that the Company shall continue as a Closed-end Fund for a further period of five (5) years following the date of such general meeting.</p> <p>(b) <b>If the said</b> ordinary resolution is passed at <b>that annual</b> general meeting, the Company shall continue as a Closed-end Fund for a further period of five (5) years following the date of <b>that annual</b> general meeting.</p> <p>(2) The Directors shall, at each annual general meeting held at five yearly interval(s) following the <b>annual general meeting in 2025</b> <b>provided</b> the Company shall not have been wound up and subject to the Guidelines and any law then in force, propose an ordinary resolution that the Company shall continue as a Closed-end Fund for a further period of five (5) years.</p> <p>(3) <b>The Company shall thereafter,</b> continue as a Closed-end Fund until such time a resolution to wind up the Company is passed.</p> <p>(4) (a) If the ordinary resolution <b>for</b> the Company to continue as a Closed-end Fund is not passed at the <b>annual</b> general meeting <b>in 2025 or at any of the annual general meeting held at five yearly interval(s),</b> the Directors shall <b>hold</b> an extraordinary general meeting, <b>at which a special resolution to wind-up the Company is proposed,</b> no later than three (3) months from the date of the <b>annual general</b> meeting at which the said ordinary resolution was not passed.</p> <p>(b) <b>If</b> at the said extraordinary general meeting, <b>the</b> special resolution is passed to wind-up the Company, the Directors shall take all necessary action as soon as practicable to wind-up the Company <b>in accordance with the Act.</b></p>

## NOTES

# NOTES

[illegible]

# PROXY FORM

icapital.biz Berhad (674900-X)

(Incorporated in Malaysia)

PROXY FORM

CDS Account No

No. of shares held

I/We

Tel:

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

of

being member(s) of icapital.biz Berhad, hereby appoint:-

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

and / or (delete as appropriate)

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

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Saturday, 24 September 2016 at 9.00 a.m. or any adjournment thereof, and to vote as indicated below:-

	Resolution	FOR	AGAINST
To approve the payment of Directors' Fees of RM309,493.00 for the financial year ended 31 May 2016.	Ordinary Resolution 1		
To re-elect Leong So Seh who retires pursuant to Article 103 of the Company's Articles of Association.	Ordinary Resolution 2		
To re-appoint Messrs Crowe Horwath as Auditors of the Company and authorise the Directors to fix their remuneration.	Ordinary Resolution 3		
Proposed Amendments to the Articles of Association of the Company	Special Resolution		

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

Signed this                      day of                      , 2016

Signature of Shareholder/Common Seal

## 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, may 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.

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Notes to the Proxy Form:

7. The appointment of a proxy may be made in a hard copy form or by electronic means, and must:
- (i) **In hard copy form**  
In the case of an appointment made in hard copy form, be deposited at the Company's Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 (via fax)**  
In the case of an appointment made by electronic means, be received via facsimile at **fax number 603- 27839222** 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 Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 19 September 2016. 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.

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AFFIX STAMP
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**The Share Registrar**  
icapital.biz Berhad  
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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

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

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

**Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan**  
(Independent Non-Executive Director)

**Dato' Seri Md Ajib Bin Anuar**  
(Independent Non-Executive Director)

**Leong So Seh**  
(Independent Non-Executive Director)

## AUDIT COMMITTEE

### Chairman :

Harun Bin Halim Rasip

### Members :

David Loo Kean Beng

Dato' Tan Ang Meng

Dato' Seri Md Ajib Bin Anuar

## NOMINATION COMMITTEE

### Chairman :

Datuk Ng Peng Hong @ Ng Peng Hay

### Members :

David Loo Kean Beng

Harun Bin Halim Rasip

Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan

## 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.

Unit 31-01, Level 31, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

## CUSTODIAN

### Deutsche Bank (Malaysia) Berhad

Level 18 Menara IMC  
No. 8 Jalan Sultan Ismail  
50250 Kuala Lumpur

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
**Tel No.:** (603) 2783 9191  
**Fax No.:** (603) 2783 9111  
**Email:** info@my.tricorglobal.com

## REGISTRAR

### Tricor Investor & Issuing House Services Sdn. Bhd

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
**Tel No. :** (603) 2783 9299  
**Fax No.:** (603) 2783 9200

### Customer Service Center

Unit G-3, Ground Floor  
Vertical Podium  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

## 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

## FUND'S WEBSITE

**www.icapital.my**

# CONTENTS

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About icapital.biz Berhad	Inside Front Cover
How did we do ?	
(a) Letter to share owners	1
(b) What we have done with your funds	2
Mengenai icapital.biz Berhad	6
Bagaimana kami lakukan ?	
(a) Surat kepada pemilik saham	7
(b) Apa yang telah kami lakukan dengan dana anda	8
关于资本投资有限公司	12
我们的表现	
(a) 致股东的信函	13
(b) 我们如何善用您的资金	14
Who Runs icapital.biz Berhad - Profile of Directors	18
Explanatory Note	19
Statement of Corporate Governance	19
Audit Committee Report	26
Statement on Risk Management and Internal Control	30
Corporate Responsibility	32
Directors' Report	33
Statement by Directors	34
Statutory Declaration	35
Financial Statements	36
Investment Portfolio	47
Additional Information	48
Analysis of Shareholdings as at 19 July 2016	49
Notice of Annual General Meeting	50
Proxy Form	
Corporate Information	Inside back cover

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