

icapital.biz Berhad

(674900-X)

**2017 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 in practice, 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 or 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. Your 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 and the Designated Person, 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) 7720 1111, at fax no (603) 7720 1188 or at [boardroom-kl@boardroomlimited.com](mailto:boardroom-kl@boardroomlimited.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 2017, your Fund recorded total revenue of RM13.440 million, a decrease of RM30.595 million or 69% compared with the corresponding period last year. Your Fund recorded a pretax profit of RM3.104 million for the financial year ended 31 May 2017, compared with a pretax profit of RM23.718 million for the last financial year. The lower revenue was due to the absence of realized gain on disposal of investments and a slightly lower interest income received for the financial year ended 31 May 2017. However, the unrealized gain from your Fund's investments has achieved a significant increase in the financial year ended 31 May 2017, totaling RM35.591 million compared with a gain of RM15.571 million in the preceding financial year. Total comprehensive income of your Fund for the financial year ended 31 May 2017 has increased by 110% to RM39.089 million compared with RM18.580 million in the preceding financial year. The increase has significantly enhanced your Fund's net asset value ("NAV") to RM463.285 million as at 31 May 2017 compared with RM424.196 million in the preceding financial year.

As we have always emphasized, in appraising the performance of your Fund, its NAV is the only variable on which to focus on. Its profit or loss statement has no appraisal value. The NAV of your Fund rose 9.2% from RM3.03 per share on 31 May 2016 to RM3.31 per share on 31 May 2017.

Your Fund was set up in 2005 to pool savings from individual Malaysians who may not have the expertise and resources of a fund manager to achieve long term capital gains through investing in Bursa Malaysia. Till today, your Fund has not swayed from the objective when it was first conceived. The number of share owners has grown.

icapital.biz Berhad is a precious investment vehicle with over 3,600 like-minded share owners. We are proud to say that your Fund is testament to trust and long-term partnership. For the newer share owners, we hope you can visualize yourself as an owner of a business, and not think of yourself as merely 'holding' a piece of paper.

On the issue of your Fund's trading at a discount to the NAV, your Board and your Fund Manager would like to share with share owners that we are cognisant of this situation. At the same time, your Board and your Fund Manager would like to emphasise that investors should not be overly concerned

with this matter especially if you are a long-term value investor. Discounts and premiums are unique features of closed-end funds that should be taken advantage of instead of being feared. For example, an investor that sells icapital.biz Berhad shares on 8 January 2008 when it was trading at premium of 25.6% and buys it back in October 2008 (when it was trading at a discount), will be able to record low-risk, additional gains that cannot be found in ETFs or open-end unit trust funds.

In this context, I would like to share the experience of Listed Investment Companies (closed-end funds are called Listed Investment Companies in Australia), on the Australian Stock Exchange where they were previously trading at discounts but thanks to a bullish stock market there, they have reverted to premiums since mid-2012 and have stayed there for the past five years.

From its previous peak of RM2.24 reached on 3 January 2008, the NAV of your Fund has appreciated 50% to reach RM3.36 as at 21 July 2017. In the same period, the KLCI only gained 22.5%. This superior performance was achieved without your Fund investing in any derivative, or undertaking any short selling or on a leveraged basis. With a disciplined Fund Manager managing its investments, the long-term prospects of icapital.biz Berhad can only be described as exciting.

As the only listed closed-end fund, investors in Malaysia may not be familiar with such an investment vehicle and the *raison d'être* of icapital.biz Berhad. It is also why your Fund Manager has organized Investor Days and roadshows, to better educate share owners, investors and potential investors so that more people would learn to appreciate the benefits of investing in closed-end funds.

As mentioned in the last Annual Report, your Board has not forgotten the Resolution made in the Extraordinary General Meeting held in 2009 ("2009 EGM"). Your Board, Fund Manager and Investment Adviser will revisit this matter at an appropriate time and put a closure to the wishes of the share owners and the commitment made by your Board in the 2009 EGM.

I however wish to inform the share owners that Dato' Tan Ang Meng who has been on your Board since 2012 will not be seeking re-election upon his retirement at the conclusion of the 13th Annual General Meeting. On behalf of your Board, I wish to thank him for his past services and wish him all the best in his future endeavours.

Last but not least, your Board, Fund Manager and Investment Adviser would like to take this opportunity to extend our sincere appreciation to our share owners especially those whom have stayed and supported us through thick and thin since the inception of your Fund in October 2005 and in the earlier years. We hope for your continued support in many years to come.

**Datuk Ng Peng Hong @ Ng Peng Hay**  
Chairman  
25 July 2017

# B | WHAT WE HAVE DONE WITH YOUR FUNDS

## i. INVESTMENT PORTFOLIO

The portfolio of your Fund, as at 31 May 2017, ranked in terms of the market value of each stock and the quantity held, is shown in Charts 1 and 2 below.

## ii. INVESTMENTS SOLD

For the financial year ended 31 May 2017, your Fund sold 900,000 shares of Tong Herr Resources Berhad, generating a loss of RM65,336.95 with a cost of RM1.810 million.

As at 31 May 2017, your Fund invested RM107.326 million with a market value of RM177.605 million, giving unrealised gains of RM87.513 million. Of your Fund's investments as at 31 May 2017, Boustead Holdings Berhad, Fraser & Neave Holdings Bhd, Malaysia Smelting Corporation Berhad, Padini Holdings Berhad, Suria Capital Holdings Berhad and Tong Herr Resources Berhad have substantial unrealised gains out of which Padini Holdings Berhad has the highest substantial unrealised gain of RM61.2 million.

Chart 1: Market Value of Holdings as at 31 May 2017 (RM '000)

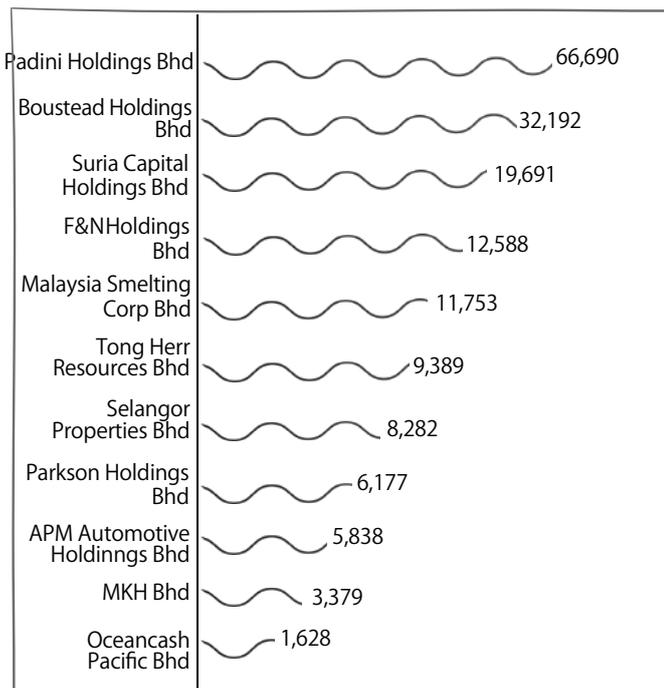
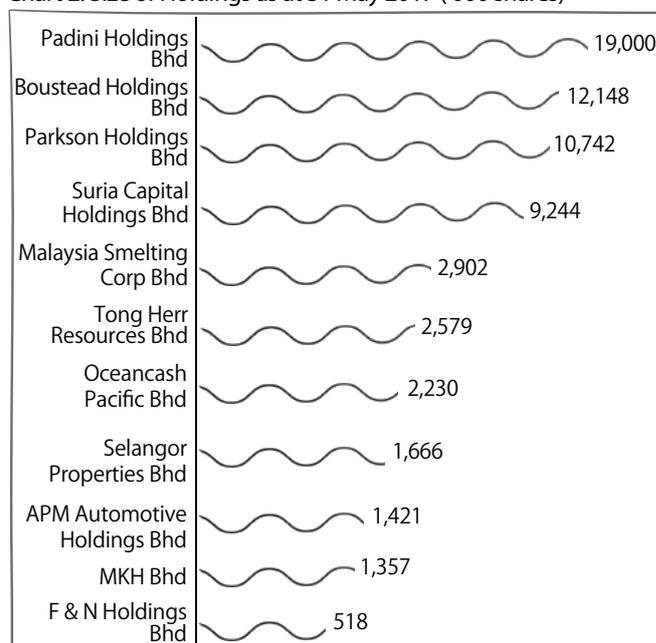


Chart 2: Size of Holdings as at 31 May 2017 ('000 shares)



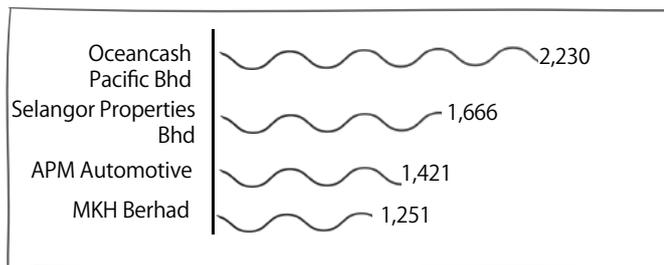
## iii. INVESTMENTS MADE

For the financial year ended 31 May 2017, your Fund made 4 new investments shown in Chart 3. These were APM Automotive Holdings Berhad, MKH Berhad, Oceancash Pacific Berhad, and Selangor Properties Berhad. APM Automotive Holdings Berhad is an established manufacturer of auto components. MKH Berhad and Selangor Properties Berhad are essentially property development and investment companies. Oceancash Pacific Berhad manufactures felt and non-woven fabric.

Your Fund received 511,538 shares as share dividends from Parkson Holdings Berhad and 3,470,796 shares as share dividends from Boustead Holdings Berhad. Your Fund also subscribed to 53,010 rights shares and received 106,020 bonus shares from the rights subscription of MKH Berhad.

## WHAT WE HAVE DONE WITH YOUR FUNDS

Chart 3: Purchases made after 31 May 2016 ('000 shares)



### iv. PERFORMANCE: NAV & MARKET PRICE

Since its listing on 19 October 2005, the NAV per share of your Fund has risen from RM0.99 to RM3.31 by 31 May 2017 – see Chart 4. This represents a gain of 234%. Since its listing on 19 October 2005, the market price of your Fund has risen from RM1.01 to RM2.64 by 31 May 2017. This represents a gain of 161%. During the same period, the FBMKLCI rose by 93%.

Chart 4: Gain from 19 Oct 2005 to 31 May 2017

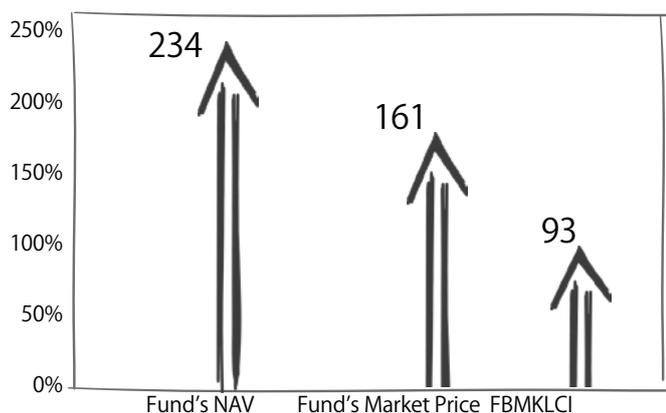
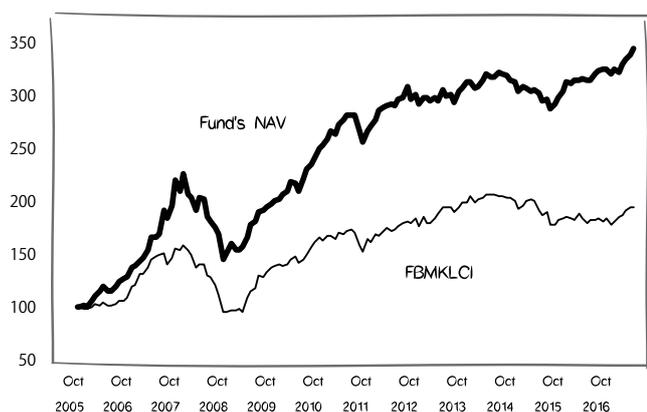


Chart 5 shows the performance of your Fund's NAV in comparison with the FBMKLCI.

Chart 5: Fund's NAV vs FBMKLCI



From 1 June 2016 to 31 May 2017, the NAV per share of your Fund increased from RM3.01 to RM3.31 (a gain of 10%) and the market price increased from RM2.31 to RM2.64 (a gain of 14%). In the same period, FBMKLCI gained 9%.

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

Ending Date	Fund's NAV (%)	Fund's Market Price (%)	FBMKLCI (%)	Fund's Cash Level (%)
31-Dec-05	0.00	8.00	-1.57	62.39
31-Dec-06	38.38	46.00	19.92	33.79
31-Dec-07	125.25	162.00	58.07	15.58
31-Dec-08	58.59	39.00	-4.09	32.97
31-Dec-09	101.01	74.00	39.23	10.51
31-Dec-10	157.58	109.00	66.15	29.87
31-Dec-11	175.76	105.00	67.44	34.92
31-Dec-12	195.96	137.00	84.75	34.34
31-Dec-13	211.48	147.37	104.22	50.73
31-Dec-14	203.21	140.16	92.66	63.16
31-Dec-15	211.48	137.06	85.14	61.76
31-Dec-16	222.87	155.62	79.59	68.59
31-May-17	242.53	172.11	93.17	61.29

Table 2 : Annualised Return From 19 Oct 2005 To

Ending Date	Fund's NAV (%)	Fund's Market Price (%)	FBMKLCI (%)	Fund's Cash Level (%)
31-Dec-05	0.00	46.93	-7.62	62.39
31-Dec-06	31.09	37.08	16.34	33.79
31-Dec-07	44.65	54.93	23.14	15.58
31-Dec-08	15.49	10.83	-1.30	32.97
31-Dec-09	18.07	14.09	8.19	10.51
31-Dec-10	19.94	15.22	10.25	29.87
31-Dec-11	17.77	12.27	8.67	34.92
31-Dec-12	16.25	12.72	8.89	34.34
31-Dec-13	14.85	11.67	9.09	50.73
31-Dec-14	12.81	9.98	7.38	63.16
31-Dec-15	11.78	8.83	6.22	61.76
30-Dec-16	11.02	8.73	5.36	68.59
31-May-17	11.18	9.00	5.83	61.29

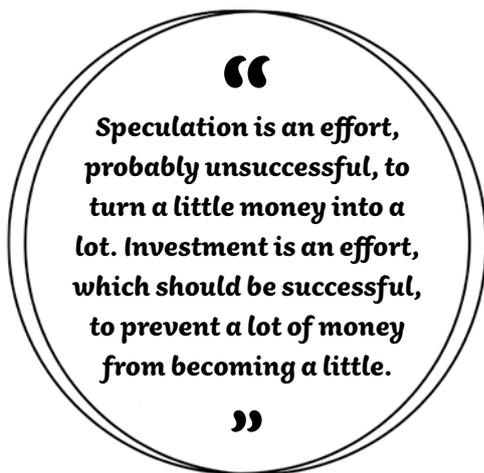
v. WHAT WE THINK

The Global Backdrop

The global environment since the 2008 US-led global financial crisis has witnessed unprecedented developments – a prolonged slow recovery, extended low interest rates, the absence of inflation and very worrying political trends in key developed economies, in particular, the United States of America and Japan.

In my commentary last year, I mentioned that “there are 3 possibilities facing the US pricing environment” with the “US inflation rate essentially mov(ing) sideways” being the most likely outcome. I added that “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.” Since then, the US Federal Reserve has raised its federal funds target rate three times and has even prepared the financial markets for a reduction in its US\$4.5 trillion balance sheet.

Amongst the major central banks, the Federal Reserve was the first to tighten monetary policy. The European Central Bank has recently signalled that it would be joining its ranks soon. The foreign exchange markets have responded and the US\$ is weakening. With asset prices elevated, what Fred Schwed Jr said in his classic book, “Where Are the Customers’ Yachts?: Or A Good Hard Look At Wall Street” is worth repeating:



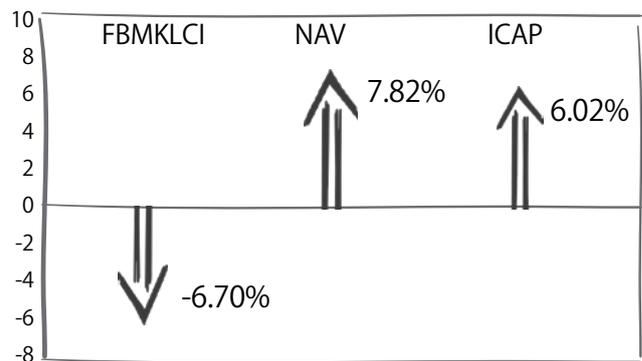
At the time of writing this commentary, your Fund has more than RM276.03 million cash and near cash (or RM1.97 cash per share), compared with RM300.50 million as at 25 July 2016. As explained previously, your Fund Manager does not deploy a high cash strategy. When it is right for the cash level to drop, it will drop.

Note:

<sup>1</sup> Source: <https://www.theguardian.com/science/2017/jun/28/maximum-human-lifespan-new-research-mortality>

Like in the last financial year, the high cash level in this financial year has protected your Fund’s NAV again. Chart 6 shows the performance of the FBMKLCI from its peak on 8 July 2014 until 31 May 2017, and the NAV and share price of icapital.biz Berhad during the same period. The FBMKLCI lost 6.70%, your Fund’s NAV appreciated 7.82%, and its price increased 6.02%. On an annualised basis, the FBMKLCI lost 2.36% while your Fund’s NAV increased 2.63%, and its price increased 2.04%.

Chart 6 : Performance as at 31 May 2017 (from the peak in 8 Jul 2014)



Living Longer and Investing

An investor may think that his or her life expectancy is say 80 years and thus plan his or her finances and investments accordingly. What if we live much longer than what we expect to? For a long-term capital appreciation fund like icapital.biz Berhad, the ability and potential to live much longer is certainly more than just a matter of life or death. A person living up to 150 years, for example, would have financial and investment requirements vastly different from one who lives up to only 80 years old. The financial and investment implications of living much longer are profound and very few seem to have thought about this subject.

John Maynard Keynes said that in the long-run, we are all dead. Little does he know that medicine, science and technology would progress so much and so quickly that his famous saying would become irrelevant. New research have presented the case that there is no compelling evidence that we are approaching an upper limit on our mortality, which was previously thought to be 114.9 years. Or that such a limit exists considerably higher beyond 115 years. Professor Jim Vaupel, a specialist in ageing at the Max Planck Institute for Demographic Research in Germany and one of the researchers said: “The evidence points towards no looming limit. At present, the balance of the evidence suggests that if there is a limit, it is above 120, perhaps much above – and perhaps there is not a limit at all.” <sup>1</sup>

## WHAT WE HAVE DONE WITH YOUR FUNDS

Maarten Rozing of the University of Copenhagen said there was little to suggest the existence of a “biological clock” programmed to limit the length of life. “We now know not only that the idea of such a clock is highly implausible, but also that ageing is proving to be more amenable to change than used to be supposed,” he said.

Dr. Aubrey de Grey is a biomedical gerontologist based in Cambridge, UK and Mountain View, California, USA and received his Ph.D. from the University of Cambridge in 2000. He is known for his view that medical science and technology can enable human beings alive today to live indefinitely. Dr Grey’s research focuses on whether regenerative medicine can prevent the ageing process.

In a 2015 talk in Trinity College, he said : “The first human beings who will live to be 1,000 years old have already been born.” Dr Grey argued that defeating ageing is the world’s most pressing issue and expressed astonishment that the medical world had paid it so little attention in the past. Indeed, sickness relating to old age is the biggest cause of death on the planet, killing over 100,000 people every day. Dr Grey believes all that can change.

I first read about Aubrey de Grey and his research in the February 2005 edition of the Technology Review. From what I can see, defeating the ageing process will be immensely far more important than artificial intelligence or driverless vehicles or any other innovation that we are seeing in progress now. If Dr Grey is right or even partially right, the ramifications of defeating the ageing process on one’s finances and investments, amongst many others, are truly mind-boggling. Imagine owning icapital.biz Berhad for the next 50, 100 years or even longer.

### Long-term Capital Appreciation

With people living longer and with the research conducted by scientists like Dr Grey, now is an opportune time to remember that icapital.biz Berhad is a long-term capital appreciation fund, managed based on an eclectic value investing philosophy. For those who are familiar with long-term value investing, there will be times when this time-proven investing style will yield superior returns, and there will be times when it will yield lower returns. Even Buffett’s Berkshire Hathaway experiences such phases.

We often read about Warren Buffett’s impressive long-term performance but one needs to bear in mind the times when Berkshire Hathaway was not performing. In June 1998, Berkshire Hathaway traded at a high of US\$84,000 per ‘A’ share. More than seven years later, it traded at a high of US\$84,600 or a measly gain of less than 1% in total. In that same period, the S&P 500 gained 8.6%, measured from a high of 1,145 points in

June 1998 and a high of 1,243 points in September 2005.

Investors who are not long-term focused or not genuine value investors would have been disappointed with Buffett’s performance (Berkshire Hathaway was having US\$35.96 billion cash in 2003) and could have called for his retirement. Fortunately for Berkshire Hathaway, it has plenty of like-minded investors who have stayed with Warren Buffett (in March 2009, Berkshire Hathaway fell to a low of US\$70,050). A good fund manager should not get distracted by shorter-term noises; similarly, share owners who believe in long-term value investing should not get distracted by shorter-term investors. For your Fund to succeed year in, year out, attracting the right share owners is very crucial.



“  
DO YOU HAVE THE  
PATIENCE TO WAIT  
**till your mud settles  
and the water is clear?**  
CAN YOU REMAIN UNMOVING  
TILL THE RIGHT ACTION  
**arises by itself?**  
”  
-Lao Tzu

### 13th AGM and the 2017 International Investor Day

Since 2010, the Annual General Meeting (AGM) of icapital.biz Berhad has been jointly held with the annual Investor Day. This year, to achieve better event management, the two events will be held on two different dates. The AGM will last the whole day with more time allocated for questions and answers with your Fund Manager.

#### **Tan Teng Boo**

Designated Person

Capital Dynamics Asset Management Sdn Bhd

25 July 2017

## SIAPAKAH KAMI

icapital.biz Berhad (Dana anda) merupakan sebuah dana tertutup. Objektif utama pelaburannya adalah untuk menjana peningkatan modal jangka panjang, manakala dividen dan/ atau pendapatan faedah dari hasil pelaburan-pelaburan tersebut merupakan pertimbangan yang kedua.

Dana anda melabur dalam syarikat-syarikat di bawah 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% dari nilai aset di dalam syarikat-syarikat yang tidak tersenarai. Peruntukan aset Dana anda adalah fungsi bagi falsafah pelaburan berasaskan nilai dan dari segi praktikal, 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 saham ditentukan sepenuhnya oleh penawaran dan permintaan pasaran. Transaksi jual beli saham Dana anda juga dilaksanakan dalam pasaran saham melalui syarikat broker saham yang berlesen.

Matlamat utama adalah untuk menggandakan nilai Dana anda, walaupun dari sebelum penyenaiaannya pada 19 Oktober 2005. Ini dicapai melalui falsafah pelaburan berasaskan nilai. Sebagai seorang pelabur berpandukan nilai, pemilihan pelaburan dibuat berdasarkan kepada harga-harga pasaran dan nilai-nilai dasar pelaburan tersebut.

Dana anda tidak dibenarkan untuk membuat pinjaman kecuali jika diluluskan oleh pemilik-pemilik saham terlebih dahulu.

## KENAPAKAH KAMI WUJUD

icapital.biz Berhad wujud hanya untuk satu tujuan: untuk membolehkan pemegang-pemegang saham jangka panjang atau lebih sesuai dikenali sebagai pemilik-pemilik saham untuk memperoleh manfaat dari pelaburan berasaskan nilai. Pelaburan 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.

## BAGAIMANAKAH CARA MENILAI DANA ANDA

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

## SIAPAKAH YANG MENGURUSKAN DANA ANDA

Ditubuhkan sebagai sebuah syarikat di bawah Akta Syarikat 1965, icapital.biz Bhd diwakili oleh Ahli-Ahli Lembaga Pengarahnya. Ahli-Ahli Lembaga bukan eksekutif ini 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 dan Pegawai Lantikan Khas, sejajar dengan polisi-polisi dan objektif-objektif pelaburan yang dibenarkan sementara penyelidikan dan analisis pelaburan disediakan oleh Penasihat Pelaburan. Segala aset dipegang dan dijaga oleh Penjaga Dana, manakala 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-perbezaan yang ketara di antara unit amanah saham dan dana tertutup. Untuk salinan laporan yang menerangkan perbezaan-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) 7720 1111, nombor faks (603) 7720 1188 atau emel [boardroom-kl@boardroomlimited.com](mailto:boardroom-kl@boardroomlimited.com).

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

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

## BAGAIMANAKAH PENCAPAIAN KITA?

Dalam bahagian ini, kami meninjau prestasi icapital.biz Berhad.

### A | SURAT KEPADA PEMILIK- PEMILIK SAHAM

Bagi tahun kewangan berakhir 31 Mei 2017, Dana anda telah merekodkan jumlah perolehan sebanyak RM13.440 juta, penurunan sebanyak RM30.595 juta atau 69% berbanding tempoh yang sama pada tahun sebelumnya. Dana anda juga merekodkan keuntungan sebelum cukai sebanyak RM3.104 juta bagi tahun kewangan berakhir 31 Mei 2017, berbanding keuntungan sebelum cukai sebanyak RM23.718 juta bagi tahun kewangan lepas. Penurunan tersebut adalah disebabkan oleh ketiadaan keuntungan yang direalisasikan ke atas pelupusan pelaburan-pelaburan dan juga pendapatan faedah yang diterima adalah lebih rendah bagi tahun berakhir 31 Mei 2017. Walaubagaimanapun, keuntungan yang belum direalisasi dari pelaburan-pelaburan Dana anda telah mencapai kenaikan ketara dalam tahun kewangan berakhir 31 Mei 2017, berjumlah RM35.591 juta berbanding keuntungan sebanyak RM15.571 juta dalam tahun sebelumnya. Jumlah pendapatan komprehensif Dana anda bagi tahun kewangan berakhir 31 Mei 2017 telah naik sebanyak 110% kepada RM39.089 juta berbanding RM18.580 juta pada tahun kewangan sebelum itu. Kenaikan tersebut telah menaikkan nilai aset bersih ("NAB") Dana anda dengan ketara kepada RM463.285 juta setakat 31 Mei 2017 berbanding dengan RM424.196 juta tahun kewangan sebelumnya.

Seperti yang sering kami tekankan, satu-satunya pembolehubah yang perlu difokuskan dalam menilai prestasi Dana anda adalah nilai aset bersih (NAB). Penyata untung dan rugi Dana anda tidak mempunyai nilai penaksiran. NAB Dana anda telah meningkat sebanyak 9.2% daripada RM3.03 sesaham pada 31 Mei 2016 kepada RM3.31 sesaham pada 31 Mei 2017.

Dana anda telah ditubuhkan pada tahun 2005 sebagai simpanan berkumpul oleh individu-individu berkerakyatan Malaysia, yang mungkin tidak mempunyai kepakaran dan sumber-sumber sebagai seorang pengurus dana, untuk mencapai peningkatan modal jangka panjang melalui pelaburan di Bursa Malaysia. Sehingga hari ini, Dana anda tidak berganjak dari objektifnya semasa mula-mula ia ditubuhkan. Bilangan pemilik-pemilik saham juga telah meningkat.

icapital.biz Berhad merupakan sebuah jentera pelaburan yang sangat berharga, mempunyai lebih daripada 3,600 pemilik-pemilik saham yang berkongsi cara pemikiran. Kami berbangga mengatakan bahawa Dana anda adalah satu bukti kepercayaan dan perkongsian jangka panjang. Bagi pemilik-pemilik saham yang baru, kami berharap agar anda dapat bayangkan bahawa anda adalah pemilik sesebuah perniagaan, bukan hanya sekadar 'memegang' sekeping kertas.

Bagi isu Dana anda yang berdagang pada diskaun pada NAB, Lembaga Pengarah dan Pengurus Dana anda ingin berkongsi dengan semua pemilik saham bahawa kami menyedari dan

prihatin akan keadaan ini. Pada masa yang sama, Lembaga Pengarah dan Pengurus Dana anda ingin menekankan bahawa pelabur-pelabur tidak perlu terlalu bimbang berkenaan hal ini terutama sekali jika anda adalah pelabur nilai jangka panjang. Diskaun dan premium adalah ciri-ciri unik dana-dana tertutup yang patut diambil kesempatan dan bukan ditakuti. Sebagai contoh, seorang pelabur yang menjual saham icapital.biz Berhad pada 8 Januari 2008 semasa ia didagangkan pada 25.6% premium dan membelinya semula pada Oktober 2008 (semasa ia didagangkan pada diskaun), akan dapat merekodkan kadar risiko rendah, pulangan tambahan yang tidak didapati pada ETF atau dana-dana terbuka unit amanah.

Dalam konteks ini, saya ingin berkongsi pengalaman Syarikat-Syarikat Pelaburan Tersenarai (Listed Investment Companies) (dana-dana tertutup di Australia dikenali sebagai Syarikat-Syarikat Pelaburan Tersenarai), di Pasaran Saham Australia di mana ianya didagangkan pada diskaun tetapi terima kasih pada kenaikan pasaran saham di sana, ia berbalik kepada dagangan premium sejak pertengahan tahun 2012 dan telah berada di situ selama lima tahun.

Dari kemuncak sebelumnya iaitu RM2.24 pada 3 Januari 2008, NAB Dana anda telah naik sebanyak 50% untuk mencapai harga RM3.36 setakat 21 Julai 2017. Dalam tempoh yang sama, KLCI hanya meningkat sebanyak 22.5%. Prestasi cemerlang ini dicapai tanpa Dana anda melabur dalam apa-apa terbitan, atau melakukan apa-apa jualan pendek atau sebarang kelebihan asas. Dengan mempunyai seorang Pengurus Dana yang disiplin untuk menguruskan pelaburan-pelaburannya, prospek jangka panjang icapital.biz Berhad boleh digambarkan sebagai teruja.

Sebagai satu-satunya dana tertutup yang tersenarai, pelabur-pelabur di Malaysia mungkin tidak begitu arif tentang kaedah pelaburan dan tujuan utama icapital.biz Berhad. Hal ini juga merupakan salah satu sebab mengapa Pengurus Dana anda telah menganjurkan Hari Pelabur termasuk pameran bergerak untuk berkongsi ilmu secara lebih dekat dengan pemilik-pemilik saham, para pelabur dan bakal pelabur supaya lebih ramai individu dapat menghargai dana tertutup dan melabur di dalam Dana anda.

Seperti yang telah dinyatakan di dalam Laporan Tahunan sebelum ini, Lembaga Pengarah anda tidak lupa akan Resolusi yang dibuat dalam Mesyuarat Agung Luar Biasa pada tahun 2009 ("EGM 2009"). Lembaga Pengarah, Pengurus Dana dan Penasihat Pelaburan akan mengkaji semula hal ini pada masa yang sesuai dan memberi jawapan atau penyelesaian kepada semua permintaan pemilik saham dan komitmen yang telah diberikan oleh Lembaga Pengarah anda pada EGM 2009.

Walaubagaimanapun, saya ingin memaklumkan kepada pemilik-pemilik saham bahawa Dato' Tan Ang Meng yang telah berada di Lembaga Pengarah sejak tahun 2012 tidak akan memohon untuk pemilihan semula selepas bersara pada akhir Mesyuarat Agung Tahunan ke-13. Bagi pihak Lembaga Pengarah anda, saya ingin mengucapkan terima kasih kepada Dato' Tan Ang Meng atas perkhidmatan yang telah diberikan dan mengharapkan yang terbaik buatnya pada masa hadapan.

Akhir sekali, Lembaga Pengarah bersama-sama dengan Pengurus Dana dan Penasihat Pelaburan anda ingin mengambil kesempatan ini untuk menyatakan penghargaan ikhlas kami kepada pemilik-pemilik saham terutamanya kepada mereka yang telah bersama dan menyokong kami semasa susah dan senang dari semenjak penubuhan Dana anda pada Oktober 2005 dan juga pada tahun-tahun sebelumnya. Kami berharap agar sokongan ini dapat diteruskan pada tahun-tahun yang akan datang.

**Datuk Ng Peng Hong @ Ng Peng Hay**  
Pengerusi  
25 Julai 2017

B

## APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA

### i. PORTFOLIO PELABURAN

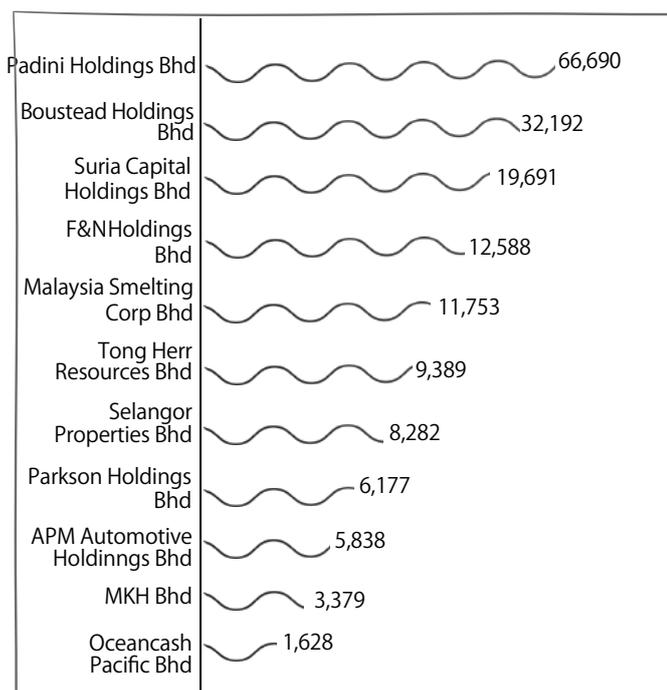
Kedudukan portfolio Dana anda berdasarkan nilai pasaran setiap saham dan kuantiti yang dipegang setakat 31 Mei 2017, ditunjukkan dalam Carta 1 dan 2 di bawah.

### ii. PELABURAN YANG TELAH DIJUAL

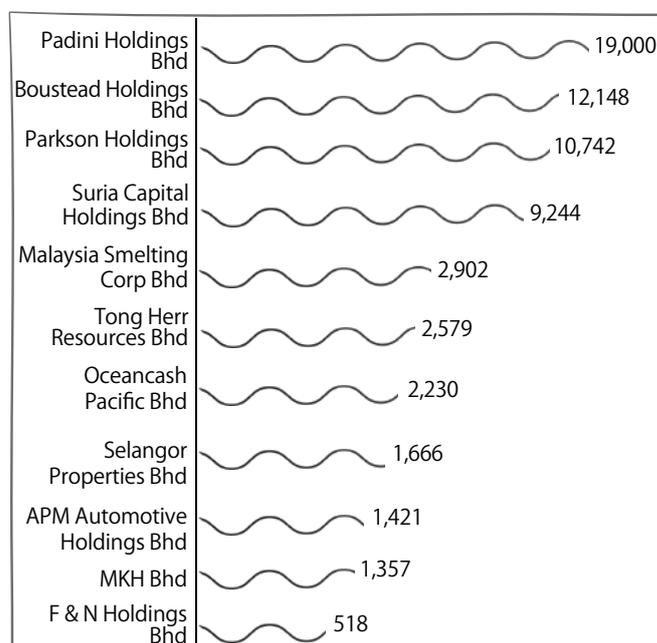
Bagi tahun kewangan berakhir 31 Mei 2017, Dana anda telah menjual sebanyak 900,000 saham Tong Herr Resources Berhad, menjana kerugian sebanyak RM65,336.95 dengan kos RM1.810 juta.

Setakat 31 Mei 2017, Dana anda telah melabur sebanyak RM107.326 juta dengan nilai pasaran RM177.605 juta, memberikan keuntungan belum direalisasi sebanyak RM87.513 juta. Di antara pelaburan-pelaburan Dana anda setakat 31 Mei 2017, Boustead Holdings Berhad, Fraser & Neave Holdings Bhd, Malaysia Smelting Corporation Berhad, Padini Holdings Berhad, Suria Capital Holdings Berhad dan Tong Herr Resources Berhad telah mendapat keuntungan belum direalisasi terbesar di mana Padini Holdings Berhad mencatat keuntungan belum direalisasikan tertinggi iaitu sebanyak RM61.2 juta.

Carta 1: Nilai Pasaran Pegangan setakat 31 Mei 2017 (RM'000)



Carta 2: Saiz Pegangan setakat 31 Mei 2017 ('000 saham)



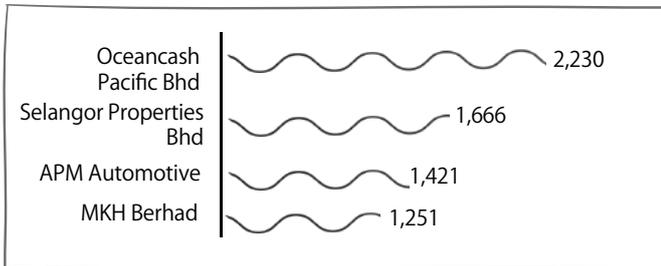
### iii. PELABURAN YANG TELAH DIBUAT

Bagi tahun kewangan berakhir 31 Mei 2017, Dana anda telah membuat 4 pelaburan baru seperti yang ditunjukkan dalam Carta 3. Pelaburan-pelaburan tersebut adalah APM Automotive Holdings Berhad, MKH Berhad, Oceancash Pacific Berhad, dan Selangor Properties Berhad. APM Automotive Holdings Berhad merupakan sebuah kilang membuat komponen automotif yang terkemuka. MKH Berhad dan Selangor Properties Holdings Berhad pula secara asasnya merupakan syarikat-syarikat pembangunan dan pelaburan hartanah. Manakala Oceancash Pacific Berhad adalah pembuat dan pengedar felt dan juga fabrik bukan tenunan.

Dana anda menerima 511,538 saham sebagai dividen saham daripada Parkson Holdings Berhad dan 3,470,796 saham sebagai dividen saham dari Boustead Holdings Berhad. Dana anda juga membeli 53,010 saham hak dan menerima 106,020 saham bonus daripada langganan hak tersebut di MKH Berhad.

## APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA

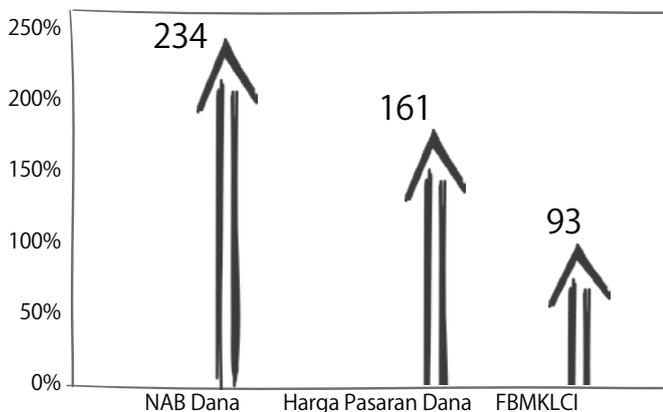
Carta 3: Pembelian-pembelian yang dibuat selepas 31 Mei 2016 ('000 saham)



### iv. PRESTASI: NAB & HARGA PASARAN

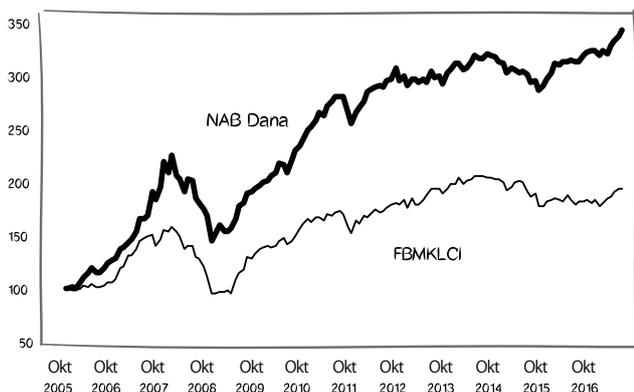
Sejak penyenaaraiannya pada 19 Oktober 2005, NAB sesaham Dana anda setakat 31 Mei 2017, meningkat dari RM0.99 ke RM3.31 - lihat Carta 4. Ini mewakili keuntungan sebanyak 234%. Bagi harga pasaran Dana anda pula, sejak penyenaaraiannya pada 19 Oktober 2005, telah meningkat dari RM1.01 ke RM2.64 menjelang 31 Mei 2017. Ini mewakili keuntungan sebanyak 161%. Dalam tempoh yang sama, FBMKLCI meningkat sebanyak 93%.

Carta 4: Keuntungan dari 19 Okt 2005 hingga 31 Mei 2017



Carta 5 menunjukkan prestasi NAB Dana anda dibandingkan dengan FBMKLCI.

Carta 5: NAB Dana Lwn FBMKLCI



Dari 1 Jun 2016 hingga 31 Mei 2017, NAB sesaham Dana anda meningkat daripada RM3.01 kepada RM3.31 (dengan keuntungan sebanyak 10%) dan harga pasaran meningkat daripada RM2.31 kepada RM2.64 (dengan keuntungan sebanyak 14%). Dalam tempoh yang sama, FBMKLCI telah meningkat 9%.

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

Jadual 1 : Pulangan Terkumpul Dari 19 Oktober 2005 Hingga

Tarikh Berakhir	NAB Dana (%)	Harga Pasaran Dana (%)	FBMKLCI (%)	Tahap Tunai Dana (%)
31-Dis-05	0.00	8.00	-1.57	62.39
31-Dis-06	38.38	46.00	19.92	33.79
31-Dis-07	125.25	162.00	58.07	15.58
31-Dis-08	58.59	39.00	-4.09	32.97
31-Dis-09	101.01	74.00	39.23	10.51
31-Dis-10	157.58	109.00	66.15	29.87
31-Dis-11	175.76	105.00	67.44	34.92
31-Dis-12	195.96	137.00	84.75	34.34
31-Dis-13	211.48	147.37	104.22	50.73
31-Dis-14	203.21	140.16	92.66	63.16
31-Dis-15	211.48	137.06	85.14	61.76
31-Dis-16	222.87	155.62	79.59	68.59
31-Mei-17	242.53	172.11	93.17	61.29

Jadual 2 : Pulangan Tahunan Dari 19 Oktober 2005 Hingga

Tahun Berakhir	NAB Dana (%)	Harga Pasaran Dana (%)	FBMKLCI (%)	Tahap Tunai Dana (%)
31-Dis-05	0.00	46.93	-7.62	62.39
31-Dis-06	31.09	37.08	16.34	33.79
31-Dis-07	44.65	54.93	23.14	15.58
31-Dis-08	15.49	10.83	-1.30	32.97
31-Dis-09	18.07	14.09	8.19	10.51
31-Dis-10	19.94	15.22	10.25	29.87
31-Dis-11	17.77	12.27	8.67	34.92
31-Dis-12	16.25	12.72	8.89	34.34
31-Dis-13	14.85	11.67	9.09	50.73
31-Dis-14	12.81	9.98	7.38	63.16
31-Dis-15	11.78	8.83	6.22	61.76
30-Dis-16	11.02	8.73	5.36	68.59
31-Mei-17	11.18	9.00	5.83	61.29

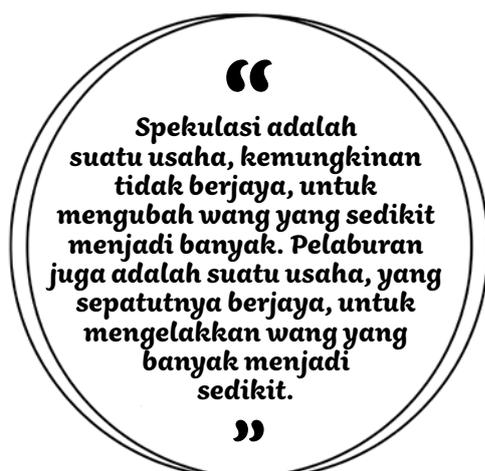
## v. APA PENDAPAT KAMI

### Latarbelakang Global

Keadaan global sejak krisis kewangan dunia yang diketuai oleh Amerika Syarikat (AS) pada tahun 2008 telah menyaksikan perkembangan yang tidak pernah berlaku sebelum ini – iaitu satu proses pemulihan yang perlahan dan berpanjangan, diikuti dengan kadar faedah yang rendah, ketiadaan kadar inflasi dan aliran politik yang sangat membimbangkan di negara-negara ekonomi pesat, secara khususnya Amerika Syarikat dan Jepun.

Dalam ulasan saya pada tahun lepas, saya menyatakan bahawa, “terdapat 3 kemungkinan yang berlaku berkaitan penetapan harga AS” dengan “kadar inflasi AS pada dasarnya kekal tidak berubah” sebagai hasil yang kemungkinan besar berlaku. Saya menambah “dari segi logik hujahan kami, Rizab Persekutuan AS kesuntukan masa untuk menaikkan kadar faedah, walaupun jika teras kadar inflasi AS tidak mencapai 2% dan kekal di situ selamanya.” Sejak itu, Rizab Persekutuan AS telah menaikkan kadar sasaran dana persekutuannya sebanyak tiga kali bahkan ia juga telah menyediakan pasaran kewangan untuk penurunan dalam penyata imbalan AS\$4.5 trilionnya.

Rizab Persekutuan adalah yang pertama sekali mengetatkan polisi kewangannya di kalangan bank-bank utama yang lain. European Central Bank baru-baru ini memberi isyarat bahawa ia juga akan berbuat sedemikian. Pasaran-pasaran pertukaran asing telah memberi maklum balas dan AS\$ semakin lemah. Dengan harga-harga aset yang meningkat, apa yang dikatakan oleh Fred Schwed Jr dalam buku klasiknya, “Where Are the Customers’ Yachts?: Or A Good Hard Look At Wall Street” adalah berbaloi diulangi:

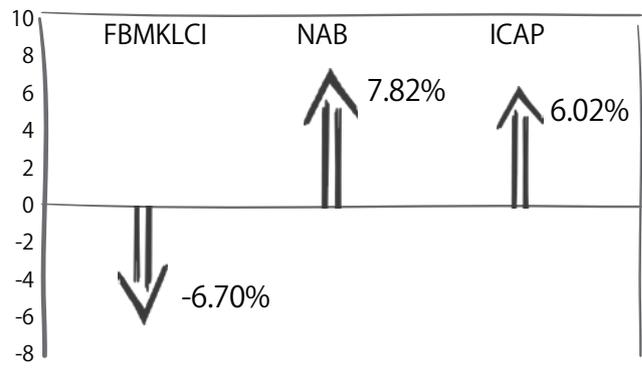


Pada masa ulasan ini ditulis, Dana anda mempunyai lebih daripada RM276.03 juta tunai dan hampir tunai (atau RM1.97 tunai sesaham), berbanding dengan RM300.50 juta setakat 25 Julai 2016. Seperti yang dijelaskan sebelum ini, Pengurus Dana anda tidak menggunakan strategi tunai tinggi. Apabila sesuai bagi tahap wang tunai untuk turun,

ia akan turun.

Seperti pada tahun kewangan lepas, tahap tunai yang tinggi dalam tahun kewangan ini telah melindungi NAB Dana anda sekali lagi. Carta 6 menunjukkan prestasi kemuncak KLCI pada 8 Julai 2014 sehingga 31 Mei 2017, NAB dan harga saham icapital.biz Berhad juga dalam tempoh yang sama. KLCI turun sebanyak 6.70%, NAB Dana anda naik sebanyak 7.82%, dan harganya meningkat sebanyak 6.02%. Dari segi tahunan, KLCI turun 2.36% manakala NAB Dana anda meningkat 2.63%, dan harganya meningkat 2.04%.

Carta 6 : Prestasi setakat 31 Mei 2017 (dari kemuncak pada 8 Julai 2014)



### Hidup Lebih Lama dan Pelaburan

Seorang pelabur mungkin berpendapat sebagai contoh, jangka hayatnya adalah selama 80 tahun, justeru, beliau akan merancang kewangan dan pelaburannya sewajarnya. Bagaimana jika kita hidup lebih lama dari apa yang kita jangkakan? Bagi dana peningkatan modal jangka panjang seperti icapital.biz Berhad, keupayaan dan potensi untuk hidup lebih lama semestinya lebih dari sekadar soal hidup atau mati. Sebagai contoh, seseorang yang hidup sehingga 150 tahun akan mempunyai keperluan kewangan dan pelaburan yang jauh berbeza berbanding dengan seseorang yang hidup selama 80 tahun sahaja. Implikasi-implikasi kewangan dan pelaburan bagi kehidupan yang lebih lama mempunyai kesan yang mendalam dan tidak ramai yang berfikir tentang perkara ini.

John Maynard Keynes berkata dalam jangka panjang, kita semua akan mati. Tanpa mengetahui bahawa bidang perubatan, sains dan teknologi akan berkembang dengan sangat pesat dan cepat sehingga kemungkinan apa yang dikatakan oleh beliau mungkin tidak lagi relevan. Penyelidikan baru telah membentangkan kes berkenaan bahawa tiada bukti kukuh yang mengatakan bahawa kita sedang menghampiri sesuatu had umur, sebelum ini anggapan tersebut ditetapkan pada umur 114.9 tahun. Atau had umur tersebut wujud, tetapi kemungkinan melebihi usia 115 tahun. Profesor Jim Vaupel, seorang pakar dalam bidang penuaan di Max Planck Institute for Demographic Research di Jerman dan salah seorang penyelidik, berkata: “Bukti-bukti menunjukkan tiada had untuk usia manusia. Pada masa ini, bukti-bukti tersebut mencadangkan bahawa jika terdapat had usia, ia melebihi

## APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA

120, mungkin lebih tinggi - dan mungkin tidak ada had limit langsung.”<sup>1</sup>

Maarten Rozing dari University of Copenhagen berkata hanya terdapat sedikit cadangan berkenaan kewujudan “jam biologi” yang diprogramkan untuk menghadkan jangka hayat manusia. “Kita sekarang tahu bukan sahaja idea jam sedemikian tidak masuk akal, tetapi juga penuaan membuktikan ia lebih cenderung untuk menerima perubahan berbanding dari yang diperkatakan sebelum ini” katanya.

Dr. Aubrey de Grey merupakan ahli gerontologi biomedikal yang berpusat di Cambridge, UK dan Mountain View, California, Amerika Syarikat dan menerima Ph.D. dari University of Cambridge pada tahun 2000. Beliau terkenal dengan pandangannya bahawa sains perubatan dan teknologi dapat membolehkan manusia yang hidup hari ini untuk hidup selamanya. Penyelidikan Dr Grey menumpukan pada sama ada perubahan regeneratif boleh menghalang proses penuaan.

Dalam ceramahnya di Trinity College pada tahun 2015, beliau berkata: “Manusia pertama yang akan hidup selama 1,000 tahun telah pun dilahirkan.” Dr Grey berhujah bahawa menghalang penuaan adalah isu dunia yang paling penting sekali dan berasa terperanjat apabila dunia perubatan sebelum ini hanya memberikan sedikit penekanan terhadap kepentingannya. Sebenarnya, penyakit yang berkaitan dengan usia tua adalah punca kematian terbesar di planet ini, membunuh lebih 100,000 orang setiap hari. Dr Grey percaya bahawa semua ini boleh berubah.

Kali pertama saya membaca tentang Aubrey de Grey dan penyelidikannya di Technology Review, edisi Februari 2005. Dari apa yang saya dapat lihat, melawan proses penuaan akan menjadi jauh lebih penting dari kecerdasan buatan (artificial intelligence) atau kenderaan tanpa pemandu atau sebarang inovasi lain yang kita lihat sedang dicipta sekarang. Sekiranya apa yang dikatakan oleh Dr Grey adalah benar ataupun separa benar, hasil ramalan dari melawan proses penuaan ke atas antara lain, kewangan dan pelaburan seseorang, benar-benar membimbangkan. Bayangkan memiliki icapital.biz Berhad untuk 50 seterusnya, 100 tahun atau lebih lama dari itu.

### Peningkatan Modal Jangka Panjang

Dengan jangka hayat manusia yang lebih lama dan penyelidikan-penyelidikan yang dilakukan oleh para saintis seperti Dr Grey, ini adalah masa yang sesuai untuk mengingati bahawa icapital.biz Berhad adalah satu dana peningkatan modal jangka panjang yang dikendalikan berdasarkan kepada falsafah pelaburan bernilai eklektik. Bagi mereka yang arif tentang pelaburan nilai jangka panjang, ada masanya gaya pelaburan seperti ini menghasilkan pulangan yang lumayan, dan ada masanya ia akan menghasilkan pulangan yang lebih rendah. Malah, Berkshire Hathaway kepunyaan Buffett juga mengalami fasa-fasa sedemikian.

Kita sering membaca mengenai prestasi jangka panjang Warren Buffett yang mengagumkan tetapi harus diingati juga

**Nota:**

<sup>1</sup>Sumber: <https://www.theguardian.com/science/2017/jun/28/maximum-human-lifespan-new-research-mortality>.

peristiwa di mana Berkshire Hathaway tidak menunjukkan prestasi yang bagus. Pada bulan Jun 1998, Berkshire Hathaway diniagakan pada harga setinggi AS\$84,000 untuk setiap saham ‘A’. Lebih dari tujuh tahun kemudian, ia diniagakan pada tahap tertinggi US\$84,600 atau keuntungan kecil yang kurang dari 1%. Dalam tempoh yang sama, S&P 500 naik 8.6%, diukur dari paras tertinggi 1,145 pada bulan Jun 1998 dan setinggi 1,243 mata pada bulan September 2005.

Pelabur-pelabur yang tidak menumpukan kepada pelaburan jangka panjang atau pelabur-pelabur yang bukan melabur berasaskan nilai pasti kecewa dengan prestasi Buffett (Berkshire Hathaway mempunyai wang tunai sebanyak US\$35.96 bilion pada tahun 2003) dan boleh meminta agar beliau bersara. Berkshire Hathaway bernasib baik kerana mempunyai ramai pelabur yang berfikir sama seperti Warren Buffett (pada Mac 2009, Berkshire Hathaway jatuh ke tahap terendah US\$70,050). Pengurus dana yang baik tidak akan terganggu dengan gangguan sementara begini; begitu juga dengan pemilik-pemilik saham yang percaya pada pelaburan jangka panjang tidak sepatutnya terganggu oleh pelabur-pelabur jangka pendek. Ia adalah sangat penting untuk mempunyai pemilik-pemilik saham yang sesuai bagi menjamin kejayaan Dana anda dari tahun ke tahun.



“  
ADAKAH ANDA  
MEMPUNYAI KESABARAN  
UNTUK MENUNGGU  
**sehingga tiada lagi lumpur  
dan air menjadi jernih?**  
BOLEHKAH ANDA TERUS KEKAL  
TIDAK BERGANJAK SEHINGGA  
TINDAKAN YANG TEPAT  
**berlaku dengan sendirinya?**

”  
-Lao Tzu

### AGM ke-13 dan Hari Pelabur Antarabangsa 2017

Sejak 2010, Mesyuarat Agung Tahunan (AGM) icapital.biz Berhad telah dianjurkan secara bersama dengan Hari Pelabur. Bagi mencapai tahap pengurusan yang lebih baik, pada tahun ini kedua-dua majlis akan diadakan pada dua tarikh berbeza. AGM akan berlangsung sepanjang hari dengan lebih banyak masa diperuntukkan untuk sesi soal jawab dengan Pengurus Dana anda.

### **Tan Teng Boo**

Pegawai Lantikan Khas  
Capital Dynamics Asset Management Sdn Bhd  
25 Julai 2017

## 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。

基金管理公司和指定人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) 7720 1111,或(603) 7720 1188(传真号码)抑或电邮至 [boardroom-kl@boardroomlimited.com](mailto:boardroom-kl@boardroomlimited.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

在截至2017年5月31日的财政年度中，您的基金取得了RM1千344万的总营业额，较去年同期减少了RM3千零59万5千，即69%。截至2017年5月31日，您的基金报上了RM310万4千的税前盈利，相较于上一财政年度的RM2千371万8千。该较低的盈利是由于截至2017年5月31日财政年度较低的利息收入和无来自出售投资股项的收益。然而，截至2017年5月31日财政年度，您基金未套现的投资盈利显著增长，达到RM3千559万1千，相比之下，上一财政年度未套现的投资盈利为RM1千557万1千。截至2017年5月31日财政年度，您基金的整体收入从上一财政年度的RM1千858万上涨110%至RM3千908万9千。此增长把您基金截至2017年5月31日财政年度的资产净值从上一财政年度的RM4亿2千419万6千提升至RM4亿6千328万5千。

正如我们一直强调的那样，就评估基金表现而言，资产净值是唯一一个需要关注的变数，其损益表没有评估价值。截至2017年5月31日，您基金的资产净值从2016年5月31日的每股RM3.03上升了9.2%至每股RM3.31。

您的基金成立于2005年，以集合马来西亚人的储蓄，好让那些没有能力拥有专业基金经理服务的人士，能够通过专业基金经理在马来西亚股票交易所的投资取得长期资本增值。直到今天，您的基金在投资理念上并没有偏离目标。股东的数量已有所增长。

资本投资有限公司是一个珍贵的投资工具，拥有超过3,600名志同道合的股东。我们自豪地说，您的基金是信任和长期合作伙伴关系的证明。对于较新的股东们，我们希望您可以将自己视为一门业务的拥有者，而不要将自己视为仅仅“持有”一张证券。

关于您的基金在低于资产净值折价交易的问题，董事会和基金经理希望告诉所有股东，我们已经意识到了这个问题。同时，您的董事会和基金经理也强调，投资者不应该过分关注这个问题，特别是如

果您是一名长期的价值投资者。折扣和溢价是封闭式基金的独特特征，这特征应该被好好利用而不是对它感到忧心。例如，一名在2008年1月8日当资本投资有限公司以25.6%的溢价交易时卖出公司股票的投资人，之后在2008年10月当公司以折价交易时购回，他将能够记录低风险，这是在交易所交易基金或开放式单位信托基金中无法找到的额外好处。

在这方面，我想分享澳大利亚证券交易所上市投资公司（封闭式基金在澳大利亚被称为上市投资公司）的经验。这些上市投资公司之前以折价交易，但是由于当地的股票市场看涨，自2012年中旬以来，这些上市投资公司已经恢复了以溢价交易，并在过去五年里一直维持以溢价交易。

从2008年1月3日的RM2.24高点，您的基金的净资产值已经升值50%，达到2017年7月21日的RM3.36。同期，隆综合指数仅上涨了22.5%。这优越的表现是在没有投资于任何衍生工具，或进行任何卖空或杠杆的基础上实现的。由于您的基金拥有一名有纪律的基金经理，资本投资有限公司的长期前景是令人兴奋的。

作为马来西亚唯一的上市封闭式基金，投资者可能不熟悉这样的投资工具和资本投资有限公司存在的理由。这也是为什么您的基金经理举办投资者日和巡回讲座会的原因，以更好地教育股东、投资者和潜在投资者们，以便有更多的人意识到投资于封闭式基金的好处。

正如在上一期年度报告中提到的，董事会并没有忘记在2009年特别股东大会上所通过的决议。您的董事会、基金经理和投资顾问将在适当的时间回顾这一事项，并对2009年特别大会上股东的期许和董事会的承诺作出总结。

然而，我欲通知各位股东，自2012年以来担任董事的拿督Tan Ang Meng将在第13届股东大会结束后退休而不会寻求连任。我谨代表董事会，对他之前的贡献表示衷心的感谢，并预祝他今后一切顺利。

最后，您的董事会、基金经理和投资顾问希望借此机会向各位股东表达诚挚的谢意，尤其是那些自2005年10月本基金成立以来以及早些年一直与我们同在、支持我们、与我们共渡风风雨雨的股东们。希望在未来我们也能继续得到你们的支持。

**拿督黄炳火**

董事会主席

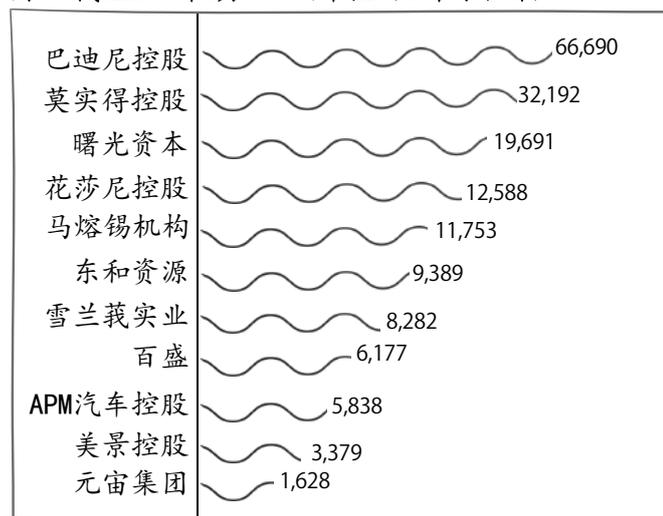
2017年7月25日

# 我们如何 善用您的基金

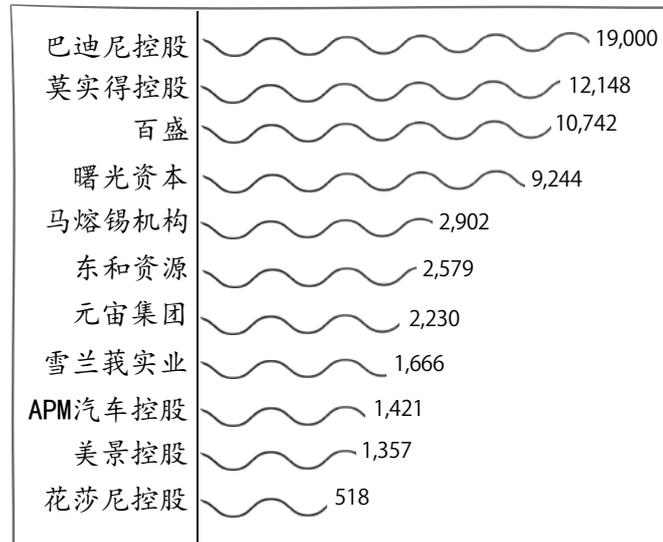
## i. 投资组合

截至2017年5月31日，以当前市场价值及持股量排列的基金投资组合如以下图一及图二。

图一 截至2017年5月31日的市值（以千令吉计）



图二 截至2017年5月31日的持股量(以千支设计)



## ii. 已卖出的股项

截至2017年5月31日的财政年度，您的基金卖出了90万支东和资源股票，导致了RM6万5千336.95的亏损，成本为RM181万。

截至2017年5月31日，您的基金投资了RM1亿零732万6千，市值为RM1亿7千760万5千，报上了RM8千751万3千的未套现收益。截至2017年5月31日，您的基金所持有的莫实得控股、花莎尼控股、马熔锡机构、巴迪尼控股、曙光资本及东和资源已录得了大量的未套现收益，其中巴迪尼控股报上了最高额的未套现收益，即RM6千120万。

“  
当您投资看待  
成投资于一门生  
意时，  
这是最聪明的

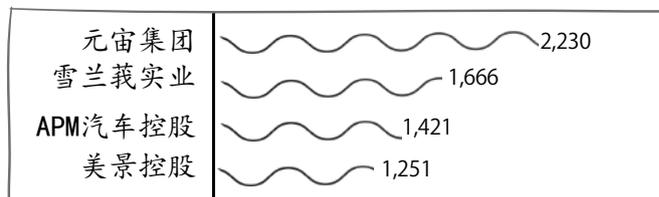
”  
-本杰明·格雷厄姆

## iii. 已作出的投资

如图三所示，截至2017年5月31日，您的基金作出了四个新的投资。它们是APM汽车控股、美景控股、元宙集团及雪兰莪实业。APM汽车控股为一家良好的汽车部件制造商。美景控股及雪兰莪实业基本上为房产开发及投资公司。元宙集团制造毛毡和无纺布。

您的基金收到来自百盛51万1千538支股的股票股息，也收到来自莫实得控股347万零796支股的股票股息。您的基金也向美景控股认购了5万3千零10支附加股并且也从认购中收到了10万6千零20支红股。

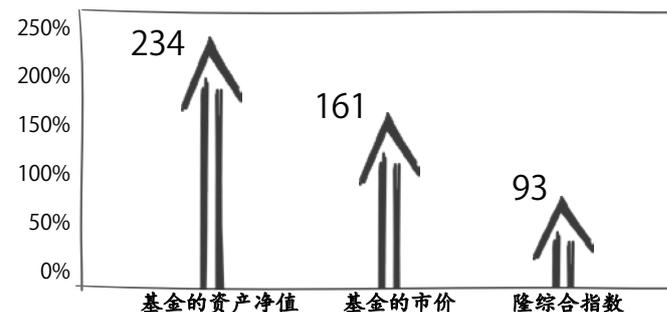
图三 自2016年5月31日以来所做出的收购（以千支设计）



## iv. 表现：资产净值及股价

自资本投资有限公司于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2017年5月31日的RM3.31 - 参阅图四。这代表了234%的增长率。自其于2005年10月19日上市以来，您的基金的市价已从RM1.01上升至2017年5月31日的RM2.64，即161%的增长率。在同期内，富时大马隆综合指数上涨了93%。

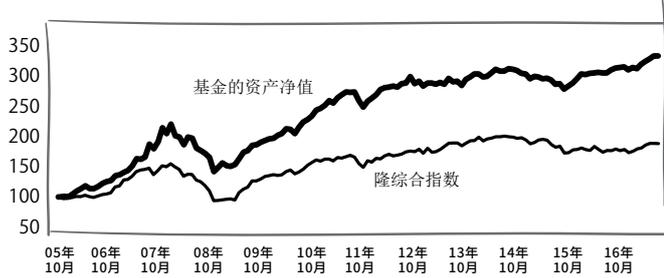
图四 从2005年10月19日至2017年5月31日的回酬



## 我们如何善用您的基金

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(19/10/2005=100)



从2016年6月1日至2017年5月31日，您的基金的每股资产净值从RM3.01增长至RM3.31(10%的增幅)，市价从RM2.31增长至RM2.64(14%的增幅)。同期内，富时大马隆综合指数上扬了9%。

资本投资有限公司自上市以来的表现如以下表一及表二。

表一：从2005年10月19日开始的累积回酬

截至	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年12月31日	0.00	8.00	-1.57	62.39
2006年12月31日	38.38	46.00	19.92	33.79
2007年12月31日	125.25	162.00	58.07	15.58
2008年12月31日	58.59	39.00	-4.09	32.97
2009年12月31日	101.01	74.00	39.23	10.51
2010年12月31日	157.58	109.00	66.15	29.87
2011年12月31日	175.76	105.00	67.44	34.92
2012年12月31日	195.96	137.00	84.75	34.34
2013年12月31日	211.48	147.37	104.22	50.73
2014年12月31日	203.21	140.16	92.66	63.16
2015年12月31日	211.48	137.06	85.14	61.76
2016年12月31日	222.87	155.62	79.59	68.59
2017年5月31日	242.53	172.11	93.17	61.29

表二：从2005年10月19日开始的年化回酬

截至	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年12月31日	0.00	46.93	-7.62	62.39
2006年12月31日	31.09	37.08	16.34	33.79
2007年12月31日	44.65	54.93	23.14	15.58
2008年12月31日	15.49	10.83	-1.30	32.97
2009年12月31日	18.07	14.09	8.19	10.51
2010年12月31日	19.94	15.22	10.25	29.87
2011年12月31日	17.77	12.27	8.67	34.92
2012年12月31日	16.25	12.72	8.89	34.34
2013年12月31日	14.85	11.67	9.09	50.73
2014年12月31日	12.81	9.98	7.38	63.16
2015年12月31日	11.78	8.83	6.22	61.76
2016年12月31日	11.02	8.73	5.36	68.59
2017年5月31日	11.18	9.00	5.83	61.29

## v. 我们的见解

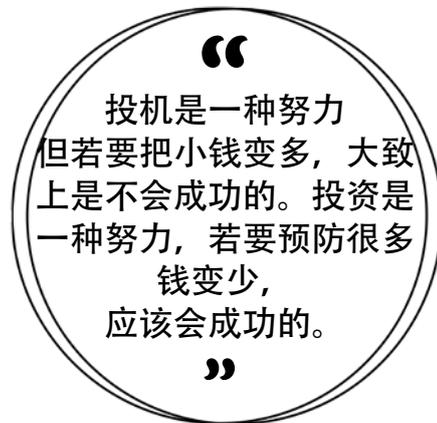
### 全球局势

自2008年以美国为首的全球金融危机爆发以来的全球局

势经历了前所未有的发展—长期缓慢的经济复苏、漫长的偏低利率、缺乏通胀率及主要发达经济体，特别是美国及日本面临着令人忧心忡忡的政治趋势。

在去年的评论中，我提到了“美国定价环境所面临的三个可能性”，其中，“美国通胀率基本上将横盘波动”为最有可能发生的结果。我还补充，“我们合乎逻辑的论点延伸至，即使美国的通胀率永远都没有达到2%，美联储加息的时间已经所剩无几。”自此，美联储已三次上调其联邦基金目标利率，并且还准备缩小其4.5万亿美元资产负债表。

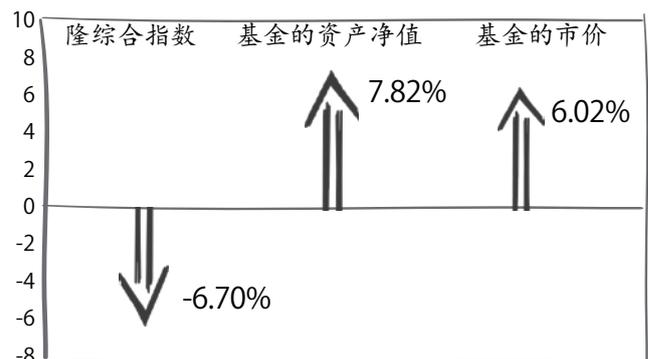
在众多的央行中，美联储为收紧货币政策的首家银行。欧洲央行近期内也已预示其将加入此阵营。外汇市场已作出反应，美元也正在贬值。随着资产价格处于偏高，小弗雷德·族维德在他的经典书籍《客户的游艇在哪里》或《仔细看看华尔街》撰写道：



在撰写这评论之际，您的基金现金及近现金持有量已超过RM2亿7千603万（或每股RM1.97），相较于2016年7月25日的RM3亿零50万。如之前所解释，您的基金经理并没有采用高现金策略。当现金水平应该下跌时，它自然会降低。

如同去年的财政年，今年财政年度的偏高现金水平再次保障了您的基金的每股资产净值。图六显示隆综合指数自2014年7月8日峰值至2017年5月31日的表现，还有资本投资有限公司在同期内的每股资产净值和股价。隆综合指数下跌了6.70%，而您的基金的每股资产净值则上升了7.82%，股价也上涨了6.02%。以年化为基准，隆综合指数下跌了2.36%，而您的基金的每股资产净值则上升了2.63%，股价提升了2.04%。

图六：截至2017年5月31日的表现（从2014年7月8日的峰值）



## 更长寿与投资

投资者也许认为自己的预期寿命只有80岁，而依此规划自己的财务及投资。要是我们的寿命比所预期的还要长呢？对于如资本投资有限公司般的长期资本增值基金而言，能够活得更长久的能力及可能性当然不只是生死攸关之事。例如，一位能够活到150岁的人所必备的财务及投资需求将和一位仅活到80岁的人具很大的差别。更长的寿命对财务及投资影响深远，但却很少人去考虑这门课题。

约翰·梅纳德·凯恩斯称，就长远来讲，我们都会死亡。但他所不知道的是医学、科学及科技能够进展得如此神速以至于他的名言可能因此而变得是不相关的。新的研究显示并没有坚固的证据证明人类寿命的上限仅有114.9岁，或者，该上限有可能超过115岁。德国的马克斯·普朗克人口研究所的老化专家—Jim Vaupel教授及新研究的作者之一指出：“证据显示没有寿命上限。目前，所有的证据显示，若寿命实有上限，其将会是超过120岁，也许更长，而且，也有可能毫无上限”。<sup>1</sup>

哥本哈根大学的马丁·罗辛称，并没有证据显示有限制寿命长度的“生物钟”存在。“如今，我们知道所谓的生命钟是非常令人难以置信的，但同时证实了老化过程比过去所想象的容易控制。”他说道。

Aubrey de Grey博士是于英国剑桥及美国加利福尼亚州山景城的生物医学老年学家，他于2000年从剑桥大学取得博士学位。他认为医疗科学及科技能够使当今的人类无限期地活着，他以这观点而闻名。Grey博士的研究专注于再生医学是否能过预防老化过程。

于2015年在三一学院的一次讲座中，他宣称：“活到1千岁的首位人类已经诞生了。”Grey博士认为，打败老龄化是世界上最迫切的问题。他对医疗界竟然对此毫不关心感到惊讶。事实上，与老年有关的疾病是地球上死亡的最大原因，每天的死亡人数超过10万人；而Grey博士认为这一切都可以改变。

我是在2005年2月份的Tech Review杂志里首次读到有关Aubrey de Grey及他的研究。就我看来，打败老龄化过程远比人工智慧或无人驾驶车辆或其他我们能够见证的创新产品来得重要。如果说Grey博士的说辞是正确的倘或即使只有一部分是正确的，那么打败老龄化过程对个人的财务及投资状况而言，将有令人难以想象的影响。想象一下，在未来50年，100年甚至更长远的未来依然持有资本投资有限公司的股票。

## 长期资本增值

鉴于寿命的增长及如Grey博士般的科学家的研究，人们务必切记资本投资有限公司是一个以长期资本增值为目标的基金，此基金更是根据折衷价值投资理念所管理。对于那些熟悉长期价值投资的人们而言，他们皆了解此历经时间证明的投资方法有时候会带来优越的回酬，但有些时候的回报率却会很低。就连巴菲特的伯克希尔哈注：

<sup>1</sup>资料来源：<https://www.theguardian.com/science/2017/jun/28/maximum-human-lifespan-new-research-mortality>

撒韦也历经了这些阶段。

我们常读到有关巴菲特出色的长期表现，但人们也必须记住伯克希尔哈撒韦无收益的时期。于1998年6月份，伯克希尔哈撒韦的A股以每股8万4千美元的高价交易。超过7年后，其股价升至8万4千600美元，仅微升了少于1%。在同期内，标准普尔500指数增长了8.6%—1998年6月份及2005年9月份分别记录了1,145点及1,243点的高位。

对于那些不是长期投资或不是真正的价值投资者而言，他们将对巴菲特的表现感到大失所望（于2003年，伯克希尔哈撒韦拥有359亿6千万美元的现金）并且有可能已经呼吁他退休了。可幸的是，伯克希尔哈撒韦拥有许多和沃伦巴菲特思维一致的投资者的支持。（于2009年3月份，伯克希尔哈撒韦的股价下跌至7万零50美元的低位）。一位好的基金经理不应该受较短期的嘈杂声所影响；同样的，相信长期价值投资的股东也不应该受到较短期的投资者的吵闹所影响。若要您的基金常年都有收益，吸引对的股东甚为关键。



“  
你有  
耐心等待  
直到你的杂质沉  
水变清吗？  
你能保持不动直到正确  
的行动自行发生吗？  
”  
-老子

## 第十三届股东常年大会及2017年国际投资者日

自2010年以来，资本投资有限公司的股东常年大会每年都与该一年一度的投资者日联合举办。但为了能够更好地管理活动，今年，资本投资有限公司将在两个不同的日期举办该两项活动。今年的股东常年大会将持续一天之久，而且将分配更多的时间给予您和基金经理之间的问答环节。

## 陈鼎武

指定人  
资威资产管理私人有限公司  
2017年7月25日

## PROFILE OF DIRECTORS

### Datuk Ng Peng Hong @ Ng Peng Hay

- Chairman
- Independent Non-Executive Director
- Chairman of the Nomination Committee
- Aged 65, 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 and Group Independent Non-Executive Chairman of Wellcall Holdings Bhd. He is also the Senior Independent Non-Executive Director of Bonia Corporation Bhd and Non-Independent Non-Executive Director of Sinmah Capital Bhd (f.k.a. Farm's Best Bhd).

### Dato' Tan Ang Meng

- Independent Non-Executive Director
- Member of the Audit Committee
- Aged 61, 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 Officer of Red Sena Berhad.

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

### Dato' Seri Md Ajib Bin Anuar

- Independent Non-Executive Director
- Chairman of the Audit Committee
- Aged 66, 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 45 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 as well as the President of ASEAN Federation of Mining Associations. He is also the Chairman of the Kuala Lumpur Tin Market, the Chairman of the Malaysia Tin Industry (Research and Development) Board, a Director of ITRI Ltd and ITRI Innovation Ltd, United Kingdom (the research and development body of the world's tin industry).

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. He was also a member of the Tin Committee of the London Metal Exchange from July 2011 to December 2016.

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 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 Audit Committee and Nomination Committee
- Aged 63, 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) - 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.

He also sits as an Independent and Non-Executive Director of Inix Technologies Holdings Berhad.

### Madam Leong So Seh

- Independent Non-Executive Director

- Member of the Audit Committee and Nomination Committee
- Aged 65, 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. 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).

## PROFILE OF DESIGNATED PERSON

Under the Securities Commission (“SC”) Guidelines for Public Offering of Securities of Closed-end Funds, “Designated Person” means the individual(s) responsible for managing the investments of the closed-end fund as approved by the SC under the Guidelines”.

Tan Teng Boo

Tan Teng Boo, aged 63, is the Designated Person of your Fund.

Teng Boo is the Managing Director of your Fund Manager and Investment Adviser. He is a Capital Markets Services Representative’s Licence Holder for the regulated activity of Fund Management.

He holds an honours degree in Economics from Sussex University, England. As a result of his vast and deep experience, he has the unique ability in blending his investing skills with his business experiences. As Warren Buffett said, “It’s been awfully good to have a foot in both camps.”

## 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 2017 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 Securities”) during the consultation period in 2015 and highlighted that some of the corporate governance and disclosure requirements as proposed by Bursa Securities 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

MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 (“THE CODE”)

The Board of Directors (“your Board”) of icapital.biz Berhad (“your Fund”) supports the Principles set out in the Code and recognises that the adoption of high standards of corporate governance is imperative for the performance of your Fund and enhancement of share owners’ value.

Your Board is pleased to disclose your Fund’s application of the Code’s Principles and the extent to which your Fund has complied with the Recommendations of the Code during the financial year ended 31 May 2017 (“FYE 2017”). Your Board is of the opinion that it has, in all material respects, complied with the Principles and Recommendations of the Code.

### Principle 1 - Establish Clear Roles and Responsibilities

#### 1.1 Clear functions of the Board and Management; and

#### 1.2 Clear roles and responsibilities of the Board

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 Providers	Scope of work
a.	Capital Dynamics Asset Management Sdn Bhd (“Fund Manager”)	Fund management services
b.	Capital Dynamics Sdn Bhd	Investment research and advisory services
c.	Boardroom Corporate Services (KL) Sdn Bhd	Corporate secretarial and share registration services
d.	TMF Administrative Services Malaysia Sdn Bhd	Accounting and administrative services
e.	Standard Chartered Bank Malaysia Berhad	Custodian services
f.	Bridge Corporate Advisory Sdn Bhd (“Internal Auditors”)	Internal audit function

## STATEMENT OF CORPORATE GOVERNANCE

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 may 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 your Fund's website at [www.icapital.my](http://www.icapital.my) ("corporate website").

Your Board observes the investment policies and investment objectives in discharging its duties and responsibilities, which are clearly stated in the Board Charter, which is available on the corporate website.

Your Fund grants your 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 your Fund's Constitution.

Mr. Tan Teng Boo, the Designated Person of your Fund, updates your Board on the investment portfolio of your Fund, economic and investment outlook at Board meetings held from time to time. The investment portfolio of your Fund is disclosed on page 48 of this Annual Report.

Your Board would like to highlight that Recommendation 1.1 of the Code is not applicable to your Fund as your Fund employs an external management structure and has no employees.

### 1.3 Formalised ethical standards through Code of Conduct

Your Board adopted the Directors' Code of Ethics and Conduct ("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 also adopted a Whistleblowing Policy, which is available on the corporate website. This provides an avenue for stakeholders and members of the public to report 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 3 January 2017 following the change of registered office of your Fund.

### 1.4 Strategies promoting sustainability

Your Board is cognisant of corporate sustainability that creates long-term share owner value by embracing opportunities and managing risks derived from the

environment, social developments and governance. Your Board promotes good corporate governance in the implementation of sustainability practices throughout your Fund, the benefits of which are believed to translate into better corporate performance.

Your Fund's activities on corporate social responsibilities are disclosed in page 31 of this Annual Report and on the corporate website.

### 1.5 Access to information and advice

The 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 duties effectively. In addition, Board papers containing the full details of the agenda are generally given to the 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 the Directors via e-mail before the meeting.

The Directors, collectively or individually, have unrestricted access to the Company Secretaries and may also seek independent professional advice and information in furtherance of their duties and responsibilities at your Fund's expense, 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 procedure:

- i. Discuss the subject matter with the Chairman;
- ii. Provide written notice to the Company Secretaries of the Director's intention to seek independent advice with a brief summary of the subject matter; and
- iii. Your Board shall be notified and approval is obtained prior to the engagement of the professional advisor(s).

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

### 1.6 Qualified and competent Company Secretaries

Your Board is supported by two (2) suitably qualified and competent external Company Secretaries who are accountable to your Board. The Company Secretaries play an advisory role to your Board on matters related to your Fund's Constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislation. The Company Secretaries support your Board by ensuring that all Board and Board Committee meetings are properly conducted and deliberations as well as conclusions arising therefrom are accurately recorded. The Company Secretaries also keep your Board updated on changes in the Main Market Listing Requirements of Bursa Securities ("MMLR") and directives issued by the regulatory authorities and the resultant implications to your Fund and the Directors in relation to their duties and responsibilities.

## 1.7 Board Charter

Your Board adopted a Board Charter 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 your Board's responsibilities.

The Board Charter is made available on the corporate website.

## Principle 2 - Strengthen Composition of the Board

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. However, your Board retains full responsibility for the direction and control of your Fund.

### 2.1 Nomination Committee ("NC")

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

Name of Director	Membership	Directorship
Datuk Ng Peng Hong @ Ng Peng Hay	Chairman	Independent Non-Executive Chairman
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	Member	Independent Non-Executive Director
Madam Leong So Seh (appointed as a member of the NC on 24 October 2016)	Member	Independent Non-Executive Director

The duties and responsibilities of the NC are set out in the Terms of Reference of NC, which is available on the corporate website.

During the FYE 2017, the NC has undertaken the following activities:

#### a) Nomination by NC

On 24 October 2016, following the retirement of Encik Harun Bin Halim Rasip, the former Audit Committee ("AC") Chairman and NC member, and Mr David Loo Kean Beng, the former AC and NC member, at the Twelfth Annual General Meeting ("12th AGM") of your Fund held on 24 September 2016, the NC had recommended the following Directors to be appointed in the respective committee, details of which are as follows, in accordance with Paragraph 15.09(a) and (b), 15.10 and 15.19 of the MMLR as well as Clause 2.1 of the Terms of Reference of the NC:-

Name of Director	Nomination
Dato' Seri Md Ajib Bin Anuar	• Chairman of the AC
Madam Leong So Seh	• Member of the NC
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	• Member of the AC

Your Board had on the even date approved the aforesaid nomination.

#### b) Annual Assessment

On 17 July 2017, the NC 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 your 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 NC 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 competencies. The NC opined that the Board and Board Committees and their respective members had performed satisfactorily in the discharge of their duties and responsibilities.

#### c) Level of Independence of Director

On 17 July 2017, the NC reviewed and assessed the independence of the Independent Non-Executive Directors. The NC, 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.

#### d) Term of Office of the AC

On 17 July 2017, the NC reviewed and assessed the term of office and performance of the AC and each of its members through the AC Evaluation Form (to be completed by NC). The NC evaluated their quality and composition, skills and competencies, meeting administration and conduct.

Based on the summary of results compiled from the Evaluation Form, the NC reviewed and opined that the AC and each of its members had performed satisfactorily in the discharge of their duties and responsibilities.

#### e) Re-election

At this AGM, the following Directors are subject to retirement by rotation pursuant to Article 96(1) of your Fund's Constitution:-

- i) Dato' Tan Ang Meng; and
- ii) Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan.

The NC had on 17 July 2017 assessed and recommended to your Board on the re-election of Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan. It is noted that Dato' Tan Ang Meng has given notice that he will not be seeking re-election at the forthcoming AGM. Hence, he will retain office until the conclusion of the forthcoming AGM.

Further, none of the Directors are above 70 years of age and none of the Directors has served as Independent Director for a cumulative term of nine (9) years as at to-date.

#### f) Directors' Training

On 17 July 2017, the NC noted that the training attended by

## STATEMENT OF CORPORATE GOVERNANCE

your Board members during the FYE 2017 and agreed that the training covered the training needs of your Directors.

The NC has recommended your Directors to attend the training relating to the following areas for the FYE 2018:-

- Fund management/closed-end funds;
- Financial integrity and governance;
- Updates from Fund Manager on economic and market outlook;
- Corporate governance; and
- Risk management and internal control.

The NC recommended the following criteria be used for assessment of the training attended by the Directors:-

- The training selected should provide the Directors with knowledge on fund management/close-end funds, economic and market outlook; and
- The training selected should equip the Directors with regulatory updates to assist your Board to discharge its duties and responsibilities effectively.

Your Board concurred with the NC's recommendations as stated above at their meeting held on the even date.

### 2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

#### Appointment Process

The appointment of a new Director is a matter for consideration and decision by your Board, upon the recommendation from the NC. In making these recommendations, the NC will consider the required mix of skills, experience and diversity which the candidate would bring to your Board. The Company Secretaries will ensure that all appointments are properly conducted and that legal and regulatory obligations are met.

#### Re-election of Directors

In accordance with your Fund's Constitution, at least one-third of the Directors, or if their number is not three, then the number nearest to one-third, shall retire from office at every AGM, provided always that all the 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 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.

Pursuant to the Companies Act, 2016 which came into force on 31 January 2017, Directors who have attained the age of seventy years and above are no longer required to retire and seek re-appointment at each AGM.

Based on the office period of the Directors since their last election and upon recommendation by the NC, your Board is proposing the re-election of Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan, who is due for retirement by rotation pursuant to Article 96(1) of your Fund's Constitution at the

forthcoming AGM and being eligible, has offered himself for re-election. It is noted that Dato' Tan Ang Meng has given notice that he will not be seeking re-election at the forthcoming AGM. Hence, he will retain office until the conclusion of the forthcoming AGM.

To assist the share owners in their decision, sufficient information such as personal profiles of the Directors standing for re-election are disclosed in pages 17 to 18 of this Annual Report.

#### Diversity Policy

Pursuant to the Diversity Policy set out in the Board Charter, the NC 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 the Directors, 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 the Board, including gender, ethnicity and age.

#### Board Assessment

The NC is responsible to your Board in assessing the performance and effectiveness of the entire Board, the Board Committees and the individual Directors annually. The assessment process is led by the NC Chairman and supported by the Company Secretaries via the Evaluation Forms completed by your 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 NC reviewed the mix of skills, experience, size and diversity of your Board and opined that the Board and Board Committees are well-balanced, with its members having diverse skill sets and core competencies. The NC further opined that the Board and Board Committees and their respective members had performed satisfactorily in the discharge of their duties and responsibilities.

#### 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 NC, is responsible for ensuring that the 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 NC. Your Board agreed that if it needed to fill a casual vacancy due to the resignation or retirement of any Director, your Board would search for a suitable

candidate in the following manner:

- i. Your Board, through the NC, would identify desirable Director's professional background, diversity, skills, necessary experience and knowledge; and
- ii. Fill the Board seat based on the recommendation of the NC.

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

### 2.3 Remuneration Policies and Procedures

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 the Board as a whole and the fees payable are tabled to the share owners for approval at every AGM.

The Directors' remuneration for FYE 2017 is as follows:

Directors	Fees (RM)	Allowance (RM)	Total (RM)
Datuk Ng Peng Hong @ Ng Peng Hay	60,000	4,000	64,000
Dato' Tan Ang Meng	50,000	6,000	56,000
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	46,027	6,000	52,027
Dato' Seri Md Ajib Bin Anuar	53,014	6,000	59,014
Madam Leong So Seh	46,027	5,000	51,027
Harun Bin Halim Rasip (Retired on 24 September 2016)	17,479	-	17,479
David Loo Kean Beng (Retired on 24 September 2016)	15,890	-	15,890
Total	288,437	27,000	315,437

## Principle 3 - Reinforce of Independence

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

Your Board, through the NC, 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 NC, 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 judgement to Board's deliberations.

All Directors of your Fund are Independent and Non-Executive. Thus, your Board composition is compliant with 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. As at the date of this statement, none of the Independent Non-Executive Directors has served more than nine (9) years on the Board.

### 3.3 Board must justify and seek share owners' approval if it retains as an Independent Non-Executive Director, a person who has served in that capacity for more than nine years

Your Board, as documented in the Board Charter, takes cognisance 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.

### 3.4 Separation of the Positions of the Chairman and the Chief Executive Officer ("CEO")

The Code states that the positions of the Chairman of the Board and the CEO should be held by different individuals and the Chairman must be a non-executive member of the 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 day-to-day management duties are delegated to the respective Service Providers. Further, your Board, made up of Independent Non-Executive Directors with their diverse professional backgrounds and knowledge, can bring a broader view to management duties of your Fund.

### 3.5 Board Composition and Balance

Your Board has five members, all of whom are Independent Non-Executive Directors. Your Board composition is in compliance with the MMLR, which requires at least two or one-third of the 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 judgement and objective participation and decision making process of the Board.

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-executive and therefore not involved in the day-to-day operations of your Fund, which have been outsourced to the Service Providers. Your Board oversees the performance of the management of your Fund and has expressed its satisfaction and confidence in the services provided by the Service Providers involved in the operations of your Fund.

## Principle 4 - Foster Commitment

### 4.1 Time Commitment

In accordance with the Board Charter, the Directors are required to notify the Chairman before accepting any new directorships and to

## STATEMENT OF CORPORATE GOVERNANCE

indicate the time expected to be spent on the new appointment.

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

Your Board is satisfied that each individual Director of your Fund is committed to the Board and has a good attendance record for meetings held during the FYE 2017. The table below shows the attendance record of the Directors for the meetings held during the FYE 2017:-

	Board of Directors	Board Committees	
		AC	NC
Independent Non-Executive Chairman Datuk Ng Peng Hong @ Ng Peng Hay	5/5	-	2/2
Independent Non-Executive Directors Dato' Tan Ang Meng	5/5	4/4	-
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	5/5	(1)2/2	2/2
Dato' Seri Md Ajib Bin Anuar	5/5	(2)4/4	-
Madam Leong So Seh	5/5	(3)2/2	(3)-

<sup>(1)</sup>Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan was appointed as a member of the AC with effect from 24 October 2016.

<sup>(2)</sup>Dato' Seri Md Ajib Bin Anuar was appointed as the chairman of the AC with effect from 24 October 2016.

<sup>(3)</sup>Madam Leong So Seh was appointed as a member of both the AC and NC with effect from 24 October 2016.

### 4.2 Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities. The 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 NC, your Board shall assess the training needs of the Directors on an ongoing basis.

Your Board shall ensure compliance with the MAP requirements of Bursa Securities by newly appointed Directors and ensure appropriate induction programmes are conducted for newly appointed Directors shall also be facilitated by your Fund Manager.

During the FYE 2017, your Board members attended the following Directors' continuing education programme(s):

Director	Training Attended	Date
Datuk Ng Peng Hong @ Ng Peng Hay	Enhancing Corporate Governance Practices & Disclosures in Annual Report and Updates on Regulatory Requirements	24 August 2016
Dato' Tan Ang Meng	Breakfast Talk on MD&A	25 January 2017
	FIDE Programme	14-17 March 2017 and 3-5 April 2017
	Board Selection – Engagement with Potential Directors	23 May 2017
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	Programme for Audit Committees entitled "Diving Financial Integrity and Performance Enhancing Financial Literacy"	23 May 2017

Dato' Seri Md Ajib Bin Anuar	Mining Philippines International Conference and Exhibition	23-25 August 2016
	China-ASEAN Mining Corporation Forum	7-10 September 2016
	12th Global Rubber Conference	10-12 October 2016
	Groundwater Seminar	17-19 October 2016
	Private Sector Forum on cooperation in Minerals in ASEAN	7-10 November 2016
	Asia Pacific Mineral Resources Exhibition and Conference 2016	10-12 November 2016
	2016 Asia Tin Week Conference	21-25 November 2016
Madam Leong So Seh	Mining Investment Asia	28-29 March 2017
	New Companies Act 2016: New way of doing business in Malaysia	19 August 2016
	Launch of Best Practice Guide on AGM and Corporate Governance Breakfast Series with Directors – "How to leverage on AGMs for better engagement with shareholders"	21 November 2016

## Principle 5 - Uphold Integrity in Financial Reporting

### 5.1 Compliance with Applicable Financial Reporting Standards

#### 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 audited financial statements, quarterly results, letters to share owners in the annual reports as well as a presentation on your Fund's investment portfolios by your Fund Manager immediately after the conclusion of the AGM.

Your Board is assisted by the AC to oversee your Fund's financial reporting process and the quality of its financial reporting.

#### Statement of Directors' Responsibility

The Directors are required by the Companies Act, 2016 to prepare financial statements which give a true and fair view of the state of affairs of your Fund as at the end of each financial year and of the results and cash flows of your Fund for the financial year then ended. The Directors ensure that the relevant accounting policies have been adopted and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of the financial statements. The Directors also ensure that applicable approved accounting standards have been complied with. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of your Fund that enables them to ensure

that the financial statements comply with the Companies Act, 2016.

The Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016 is set out on page 33 of this Annual Report.

## 5.2 Assessment of Sustainability and Independence of External Auditors

The AC and your Board communicate regularly with the External Auditors and they are invited to attend AC 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 AC. The AC held two (2) private discussion sessions with the External Auditors in respect of the audit of your Fund's financial statements for FYE 2017.

The AC 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 engagement partner involved in the external audit of your Fund's financial statements for the FYE 2017 was rotated in accordance with the MIA By-Laws which limits the key audit role of an engagement partner involved in an external audit to five years and cannot be re-engaged to play a significant role in the audit of your Fund for at least another two (2) successive years.

A summary of the activities of the AC during the year are set out in the AC Report on pages 26 to 28 of this Annual Report.

## Principle 6 - Recognise and Manage Risks

### 6.1 Sound Framework to Manage Risks

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 AC, defines the level of risk appetite, approves and oversees the operation of your Fund's Risk Management Framework. Your Board, through the AC, assesses its effectiveness and reviews any major/significant risks faced by your Fund. The AC 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 AC 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 and the state of internal control of your Fund is set out on pages 28 to 30 of this Annual Report.

## 6.2 Internal Audit Function

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 AC, they are independent of your Fund's activities and perform their duties with professionalism and impartiality.

## Principle 7 - Ensure Timely and High Quality Disclosure

### 7.1 Corporate Disclosure Policy and Procedures

Your Board has adopted a Corporate Disclosure Policy and Procedures which is available on the corporate website. In formulating the Corporate Disclosure Policy and Procedures, your Fund has taken into account the recommendations contained in the Code and the disclosure obligations contained in the MMLR.

### 7.2 Leverage on Information Technology for Effective Dissemination of Information

In disseminating the corporate information and disclosure, your Fund has made use of a broad range of communication channels, including but not limited to the electronic facilities provided by Bursa Securities, press releases, letters to share owners, the corporate website, e-mails, investor/news conferences, road shows/events and general meetings of your Fund.

The corporate website provides an avenue for information, such as dedicated sections on corporate information, including financial information, share price information, announcements and press releases. The website is continuously updated to ensure that the information contained within is current.

## Principle 8 - Strengthen Relationship between Company and Shareholders

### 8.1 Encourage Shareholder Participation at General Meetings

The AGM and any general meeting of your Fund serves as the principal forum for share owners to have direct access to your Board and provides the opportunity for share owners to raise questions pertaining to issues related to the annual report, audited financial statements, corporate developments, resolutions being proposed and the performance of your Fund. We are pleased to receive strong support from our share owners as indicated by their active participation at our AGM last year, which was held on 24 September 2016.

Share owners are encouraged to attend the AGM and participate in the question-and-answer session on the resolutions being proposed or on your Fund's operations in general. Share owners who are unable to attend are allowed to appoint proxies to attend and vote on their behalf in accordance with the Constitution of your Fund. Your Board members in attendance, your Fund Manager, the Administrator and the External Auditors, if so required, will endeavor to respond to share owners' questions during the meeting.

Proper notices of AGM or any general meeting are at all times dispatched to the share owners at least twenty-one (21) days prior to the meetings, unless otherwise required by law, in

order to provide sufficient time for share owners to understand and evaluate the subject matter. The Notice convening the 2017 AGM will be issued to share owners on 18 August 2017, twenty-one (21) days prior to the AGM.

## 8.2 Encourage Poll Voting

Effective 1 July 2016, all the resolutions set out in the notice of general meetings of your Fund must be voted on by poll. To assist share owners in exercising their right to vote, the Chairman will invite the Share Registrar or Scrutineer to brief the share owners on the poll procedures before the commencement of polling. Your Board will consider the use of electronic voting system to facilitate greater share owners' participation after taking into consideration its reliability, applicability and cost efficiency.

## 8.3 Effective Communication and Proactive Engagement with Share Owners

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

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

- i. General meetings of your Fund;
- ii. Announcements and disclosures made to Bursa Securities, which include release of financial results on a 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;
- iv. Dialogues with financial analysts;
- v. Investor Day, as and when necessary; and
- vi. Responding to e-mails and letters from share owners.

Your Board has adopted a Corporate Disclosure Policy and Procedures which is available on the corporate website.

## 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 Statement of Corporate Governance was approved by your Board on 25 July 2017.

# AUDIT COMMITTEE REPORT

## 1. COMPOSITION

The Audit Committee ("AC") comprises the following members:-

Name of Director	Membership	Directorship
Dato' Seri Md Ajib Bin Anuar (appointed as chairman of the AC on 24 October 2016)	Chairman	Independent Non-Executive Director
Dato' Tan Ang Meng*	Member	Independent Non-Executive Director
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan (appointed as a member of the AC on 24 October 2016)	Member	Independent Non-Executive Director
Madam Leong So Seh (appointed as a member of the AC on 24 October 2016)	Member	Independent Non-Executive Director

\* Member of the Malaysian Institute of Accountants

The composition of the AC fulfills the requirements of Paragraphs 15.09 and 15.10 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR").

## 2. TERMS OF REFERENCE

The Terms of Reference of the AC is available on your Fund's corporate website.

## 3. MEETINGS

During the financial year ended 31 May 2017 ("FYE 2017"), a total of four (4) AC meetings were held. The attendance of each AC member is set out on page 23 of this Annual Report.

As a closed-end fund ("CEF"), the entire Board of Directors of your Fund 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 external Service Providers, details of which are set out on page 18 of this Annual Report. The External Auditors of your Fund is Messrs Crowe Horwath.

The Service Providers and External Auditors attended the AC meetings by invitation of the AC. Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and presented to your Board for notation.

## 4. ANNUAL ASSESSMENT

On 17 July 2017, your Board, based on the recommendation of the Nomination Committee ("NC"), reviewed the term of office and assessed the performance of the AC through an annual assessment of the Board and Board Committees. Your Board was of the view that the AC:-

- (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 the FYE 2017.

## 5. SUMMARY OF THE WORK OF THE AC DURING THE FYE 2017

The work undertaken by the AC in the discharge of its functions and duties during the FYE 2017 is summarised as follows:-

### 5.1 Financial Reporting

- (a) Overseeing the financial reporting of your Fund

The AC reviewed your Fund's first, second and third quarter financial results for the respective periods ended 31 August 2016, 30 November 2016 and 28 February 2017 at its meetings held on 24 October 2016, 9 January 2017 and 10 April 2017 respectively.

On 17 July 2017, the AC reviewed your Fund's fourth quarter financial results for the period ended 31 May 2017 and the annual financial statements for the FYE 2017 at its meeting.

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

- Malaysian Financial Reporting Standards;
- International Accounting Standard 34 Interim Financial Reporting;
- Paragraph 9.22 of the MMLR; and
- Section 244 of the Companies Act 2016.

The AC's recommendations were presented to your Board for approval at the Board meetings held on 24 October 2016, 9 January 2017, 10 April 2017 and 17 July 2017.

- (b) Review of quarterly and annual financial reports

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

The Administrator prepared, and verified the quarterly and annual financial reports and thereafter send the quarterly and annual financial reports to your Fund Manager to review with your Fund Manager's own set of records. Upon reconciliation with your Fund Manager, the quarterly and annual financial reports will be tabled to the AC and Board to review and approve at the AC and Board meetings.

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

### 5.2 External Audit

- (a) On 10 April 2017, the AC at its meeting reviewed the Audit Planning Memorandum for FYE 2017 presented by the External Auditors, Messrs Crowe Horwath.

The External Auditors highlighted the changes in the Auditors' Report, which would be required to include an assessment of the indicators of going concern (based on the revised ISA 570), the key audit matters (based on the new ISA 701) and the review of draft annual report (based on the revised ISA 720).

The AC was briefed on the amount of audit and non-audit fees of your Fund for FYE 2017 which amounted to RM56,000 compared to RM50,000 for FYE 2016, the particulars of which are as follows, and noted the increase in audit and non-audit fees is due to wider audit scope to be covered:-

Particulars	Amount (RM)	Total (RM)
<b>Audit fee</b>	41,000.00	<b>41,000.00</b>
<b>Non-audit fees</b>		<b>15,000.00</b>
• Review of Statement on Risk Management and Internal Control	5,000.00	
• Review of Financial Statements	8,000.00	
• Determination of Realised and Unrealised Profits or Losses	2,000.00	
		<b>56,000.00</b>

The AC accepted the Audit Plan for FYE 2017 as presented by the External Auditors and further resolved that the proposed audit fees for FYE 2017, which amounted to RM56,000, be and was hereby recommended to your Board for approval.

- (b) On 17 July 2017, the AC at its meeting reviewed the Audit Review Memorandum and the draft audited financial statements for FYE 2017 presented by the External Auditors.

The External Auditors 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). The External Auditors also confirmed that they were not aware of any non-audit services which compromised their independence as External Auditors of your Fund.

The AC also received written confirmation dated 17 July 2017 from the External Auditors that during their course of audit for FYE 2017, nothing had come to their attention that there was any material deficiency in internal controls of your Fund for FYE 2017.

- (c) On 17 July 2017, the AC conducted an evaluation of the External Auditors for FYE 2017 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 scepticism.

Based on this evaluation, the AC was satisfied with the

## AUDIT COMMITTEE REPORT

performance of the External Auditors and agreed that the External Auditors had demonstrated their objectivity, independence and professionalism throughout their course of audit.

Based on the AC's recommendation, your Board agreed to table the re-appointment of Messrs Crowe Horwath as the External Auditors for the ensuing financial year for shareholders' approval at the Thirteenth Annual General Meeting.

(d) On 17 July 2017, the AC reviewed and recommended the Auditor Independence Policy, which sets out, among others, the following criteria for your 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.

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

### 5.3 Internal Audit

(a) Your Fund has outsourced its internal audit function to Bridge Corporate Advisory Sdn. Bhd. ("Bridge"), an independent professional services firm, to assist the AC 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 AC.

(b) On 12 April 2016, the AC reviewed and accepted the Internal Audit Plan for FYE 2017 presented by the Internal Auditors where Bridge would conduct its internal audit on the service providers of your Fund in August 2016, November 2016, February 2017 and May 2017 for the first to fourth quarter of FYE 2017 respectively.

Bridge would conduct internal audit on three service providers in the first and third quarters and four service providers in the second and fourth quarters for FYE 2017.

(c) For FYE 2017, the AC 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 ACM
June 2016 to August 2016	<ul style="list-style-type: none"> <li>✓ Fund Management services;</li> <li>✓ Custodian services; and</li> <li>✓ Accounting and administrative services.</li> </ul>	24 October 2016

September 2016 to November 2016	<ul style="list-style-type: none"> <li>✓ Fund Management services;</li> <li>✓ Custodian services;</li> <li>✓ Accounting and administrative services; and</li> <li>✓ Corporate secretarial services.</li> </ul>	9 January 2017
December 2016 to February 2017	<ul style="list-style-type: none"> <li>✓ Fund Management services;</li> <li>✓ Custodian services; and</li> <li>✓ Accounting and administrative services.</li> </ul>	10 April 2017
March 2017 to May 2017	<ul style="list-style-type: none"> <li>✓ Fund Management services;</li> <li>✓ Custodian services;</li> <li>✓ Accounting and administrative services; and</li> <li>✓ Corporate secretarial services.</li> </ul>	17 July 2017

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

(d) On 10 April 2017, the AC reviewed and accepted the Enterprise Risk Management Report for 2017 ("ERM Report") presented by the Internal Auditors, subject to the comments discussed.

(e) On 17 July 2017, the AC conducted an evaluation of the internal audit function for FYE 2017 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 AC 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.

(f) The costs incurred for the Internal Audit function in respect of FYE 2017 was RM23,000.00.

### 5.4 Other Activities

(a) Recurrent Related Party Transactions ("RRPTs")

The AC reviewed all the RRPTs of your Fund at its meetings held on 19 July 2016, 24 October 2016, 9 January 2017, 10 April 2017 and 17 July 2017.

On 1 November 2016, your Board made an announcement to Bursa Securities because your Fund had, in the ordinary course of business, entered into the RRPTs with its related parties namely your Fund Manager and Investment Adviser where the aggregated actual value of such RRPTs transacted for the periods

from 1 May 2016 to 31 January 2017 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.

- (b) Analysis of Corporate Governance Disclosures in Annual Reports and Reports on Company's Performance from Bursa Securities

On 17 July 2017, the AC noted that the Company Secretaries had sent the draft Corporate Governance Statement and Audit Committee Report to the AC and Board for comments.

- (c) Proposed Amendments to the Terms of Reference of the AC

On 24 October 2016, the AC agreed with the proposed amendments to the Terms of Reference of the AC following an amendment made on Paragraph 15.19 of the MMLR.

Your Board had on the even date approved the aforesaid proposed amendments to the Terms of Reference of the AC.

- (d) Tax Returns for Years of Assessment ("YAs") 2005 to 2010

On 24 October 2016, the AC noted that your Fund had paid a total outstanding tax of RM398,774.79 and penalties of RM150,121.75 to Inland Revenue Board ("IRB") to settle the penalties imposed by IRB on your Fund for YAs 2005 to 2010 ("Penalties") under Section 113(2) of the Income Tax Act 1967 due to revised tax computation.

The AC noted that the incorrect return/information was prepared in accordance with IRB earlier advice that the investment advisory fee should be treated as permitted expenses instead of direct expenses.

An appeal letter for waiver of the Penalties dated 15 December 2016 had been submitted to the IRB and IRB has yet to respond to the appeal letter.

This AC Report was approved by your Board on 25 July 2017.

## 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 ("MMLR") 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 MMLR 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 your Board to AC to assist your 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, your Fund Manager, your 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 AC, which assists the AC in discharging its duties and responsibilities on a quarterly basis.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 AC 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 AC 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 AC 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

Your Fund Manager is responsible for managing the investments of your Fund, while your 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 your Fund Manager. Quarterly and annual financial statements are prepared by the Administrator, reviewed by the Audit Committee and approved by your Board prior to submission to Bursa Securities and released to share owners. The Fund does not have any 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 AC, external and internal auditors, and other experts at your Fund's expense.

#### (iii) Audit Committee

Your Board has established the AC which comprises four

(4) Independent Non-Executive Directors. Details of report of the AC are disclosed in the Audit Committee Report on pages 25 to 28 and the terms of reference of the AC is made available for reference in your Fund's website at [www.icapital.my](http://www.icapital.my).

#### (iv) Whistleblowing Policy

Your Board had formalised a whistle-blowing policy as your 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 AC at the registered address of icapital.biz Berhad, details of which are set out on the 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.

### Risk Management

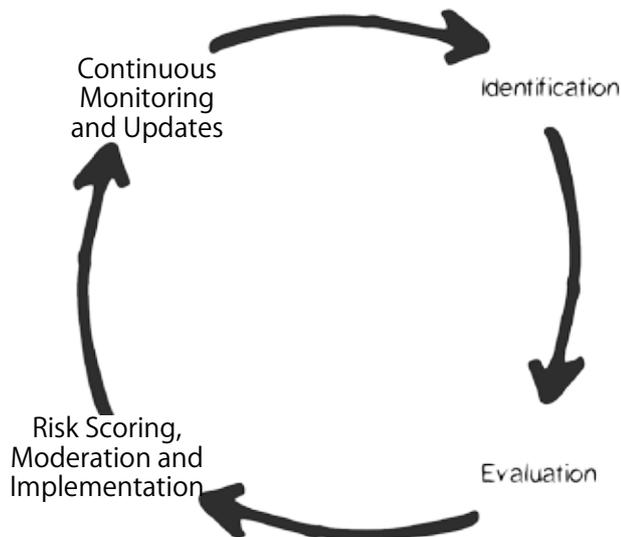
Your Board recognises that to ensure the review process for identifying, evaluating and managing the significant risks affecting your Fund is complete, the internal control procedures with clear lines of accountability and delegated authority have to be established. Your Board, throughout the current 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 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 your Fund Manager, who together with the ERM service provider, will evaluate and score the risks.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

An ERM detailed report will then be presented to your Board, through the AC, 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.

The ERM process adopted is as follows:-



### Significant or Main Principal Risk Relating To Your Fund

Your Fund has identified the following significant risks that have high potential of impact and likelihood to your Fund's operation.

#### 1. Prolonged Slow Down In Economy

Arises from fluctuation in interest rates, inflation, prolong downturn of crude oil and slowdown in economies of Malaysian economic partners. While economic slowdown is an external factor which is beyond your Fund's control, your Board has delegated to your Fund Manager to mitigate such risk by applying a top-down analysis on the global and local economy and value investing philosophy that encompasses the core principle of margin of safety.

#### 2. Political Risk

Arises from establishment of new government, changes in government leadership, war, riots and expropriation. Your Board has delegated to your Fund Manager to mitigate such risk by monitoring political development for target countries of investee companies and applying the value investing philosophy that encompasses the core

principle of margin of safety.

#### 3. Risk of Premium / Discount NAV and Volatility of Your Fund's Share Price

Arises from forces of demand and supply for the shares in the stock market arising from investors'/market sentiment. Your Board has delegated to your Fund Manager to mitigate such risk by engaging more frequently with share owners and educating potential investors on the benefits of investing in a closed-end fund by organising Investor Day, roadshows, public relations ("PR") campaigns, etc besides exploring other possible discount control mechanisms.

#### 4. Investment Transaction Maybe Leaked

Arises due to staff of your Fund's service providers revealing confidential information relating to your Fund to third parties and/or making use of the confidential information themselves resulting in front-running activities, insider trading, etc. This could be due to the lack of proper policies and internal control procedures being put in place by your Fund's service providers to monitor the situation. Your Board mitigates such risk by ensuring that your Fund's service providers have put in place the necessary policies, procedures and framework on internal control to address the risk of leakages of confidential and market sensitive information.

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 AC 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 AC and your Board in reviewing the adequacy and integrity of your Fund's internal controls.

#### Conclusion

Your Board has received written assurance from your 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 2017.

# 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 2016 Investor Day

The 2016 Investor Day was held on Saturday, 24th and Sunday, 25th September, 2016 at the KL Convention Centre. Once again, icapital.biz Berhad has provided 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 (24<sup>th</sup> September) – How to make wise decisions

On Day 1, the CEO of Capital Dynamics, Tan Teng Boo, gave an awe-inspiring session on "How to make wise decisions". Based on his mission of spreading goodness all round, the unusual session was guided by the teachings of the great philosopher Mencius. As Teng Boo said, "wise decisions come from the heart-mind, in contrast to just the mind or the heart. Wise decisions are made

when one's heart and mind are integrated." To illustrate what is a heart-mind decision, Teng Boo shared why he decided to launch icapital.biz Bhd as a closed-end fund that took three years rather than a unit trust fund that can be launched in a much shorter time.

## Day 2 (25<sup>th</sup> September) – Invests like the great investors... a value investing special

Day 2 of the 2016 Investor Day was aimed at helping investors better understand a confusing world and how to navigate such a troubling and uncertain environment. Value investors Warren Buffett, Charlie Munger, Benjamin Graham and Philip Fisher achieved superior returns while investing in different times. With the current perplexing global backdrop, Teng Boo and his team delivered a very comprehensive series of talks on the journey of value investing, which included its history, coping with zero or negative interest rate, how value investors assess a firm's real earnings and how the great value investors would perceive icapital.biz Berhad. Not surprisingly, the main topic on Day 2 was titled "Invests like the great investors... a value investing special".

## The International Investor Day by Capital Dynamics

This year, the Annual General Meeting ("AGM") of icapital.biz Berhad will be held separately from the 2017 International Investor Day. The objective of the separation of the two events is to encourage greater participation and more quality time spent for better interaction with the share owners of icapital.biz Berhad at the AGM. Nevertheless, icapital.biz Berhad will be participating in the 2017 International Investor Day organized by Capital Dynamics. The said event is scheduled to take place on 4 & 5 November this year at the Kuala Lumpur Convention Centre.

## The 2017 International Investor Day - Longevity

Capital Dynamics have noticed that people nowadays are living up to 80 years old and beyond, which indicate a longer retirement years. It is therefore very crucial to have a proper financial planning in order to live comfortably and happily in the longer retirement years. The theme of 'Longevity' gels perfectly with the investment objective of icapital.biz Berhad, which is long-term capital appreciation.

icapital.biz Berhad prides itself on being a conscientious corporate citizen. The participation of the annual Investor Day by Capital Dynamics 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 Day, 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

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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of your Fund for the financial year ended 31 May 2017.

### 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 1,611,308

### DIVIDEND

No dividend was recommended by the directors for the financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the 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, 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.

## FINANCIAL STATEMENTS

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 in which this report is made.

### DIRECTORS

The name of the directors of your Fund who served during the financial year until the date of this report are as follows:-

1. Datuk Ng Peng Hong @ Ng Peng Hay
2. Dato' Seri Md Ajib Bin Anuar
3. Dato' Tan Ang Meng
4. Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan
5. Leong So Seh
6. David Loo Kean Beng (Retired on 24.9.2016)
7. Harun Bin Halim Rasip (Retired on 24.9.2016)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the 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 remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of your Fund or related corporations) 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.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of your Fund during the financial year are disclosed in Note 17 to the financial statements.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 19 to the financial statements.

### AUDITORS

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

The details of the auditors' remuneration are disclosed in the statement of profit or loss and other comprehensive income.

Signed in accordance with a resolution of the directors dated  
25 July 2017

Datuk Ng Peng Hong @ Ng Peng Hay

Dato' Seri Md Ajib Bin Anuar

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF  
THE COMPANIES ACT 2016

We, Datuk Ng Peng Hong @ Ng Peng Hay and Dato' Seri Md Ajib Bin Anuar, 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 47 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of your Fund as of at 31 May 2017 and of its financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 21, 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 25 July 2017

Datuk Ng Peng Hong @ Ng Peng Hay

Dato' Seri Md Ajib Bin Anuar

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b)  
OF THE COMPANIES ACT 2016

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 47 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  
25th day of July 2017

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  
(Incorporated in Malaysia)  
Company No: 674900 - X

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of icapital.biz Berhad, which comprise the statement of financial position as at 31 May 2017, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of your Fund as at 31 May 2017, and of its financial performance and its 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of your Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of your Fund for the current financial year. These matters were addressed in the context of our audit of the financial statements of your Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of your Fund are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of your Fund and our auditors' report thereon.

Our opinion on the financial statements of your Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of your Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of your Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of your Fund are responsible for the preparation of the financial statements of your Fund 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of your Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of your Fund, the directors are responsible for assessing your Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate your Fund or to cease operations, or have no realistic alternative but to do so.

## FINANCIAL STATEMENTS

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of your Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of your Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 your Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on your Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of your Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause your Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of your Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of your Fund for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 21 on page 47 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 266 of the Companies Act 2016 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

Chong Tuck Wai  
Approval No: 03023/03/2019 J  
Chartered Accountant

25 July 2017  
Kuala Lumpur

STATEMENT OF FINANCIAL POSITION AT 31 MAY 2017

ASSETS	Note	2017 (RM)	2016 (RM)
<b>NON-CURRENT ASSET</b>			
Investments	5	177,605,480	126,022,371
<b>CURRENT ASSETS</b>			
Other receivables, deposit and prepayments	6	1,874,693	2,041,828
Tax recoverable		301,577	-
Short-term deposits	7	282,769,489	302,759,351
Bank balance		1,183,240	721,912
		286,128,999	305,523,091
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	8	449,461	6,712,983
Provision for taxation		-	635,982
		449,461	7,348,965
<b>NET CURRENT ASSETS</b>		<b>285,679,538</b>	<b>298,174,126</b>
<b>NET ASSETS</b>		<b>463,285,018</b>	<b>424,196,497</b>
<b>FINANCED BY:-</b>			
Share capital	9	140,000,000	140,000,000
Reserves	10	323,285,018	284,196,497
<b>SHAREHOLDERS' EQUITY</b>		<b>463,285,018</b>	<b>424,196,497</b>
Net asset value per ordinary share	11	3.31	3.03

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	2017 (RM)	2016 (RM)
<b>REVENUE</b>		
Interest income	7,941,121	8,778,199
Dividend income	5,563,953	4,399,147
Net (loss)/gain on disposal of quoted investments	(65,337)	30,857,557
	<u>13,439,737</u>	<u>44,034,903</u>
<b>LESS: OPERATING EXPENSES</b>		
Accounting and administrative fees	108,855	91,000
Advertisements	189,942	185,956
Annual general meeting expenses	289,083	329,206
Auditors' remuneration	38,000	38,000
Custodian expenses	147,151	55,209
Directors' fees	315,437	309,493
Fund management fee	3,263,523	3,075,342
Impairment loss on quoted investments	1,821,075	12,506,585
Investment advisory fee	3,263,523	3,075,342
Professional fee	203,364	139,097
GST expenses	449,542	420,066
Others	246,022	92,028
	10,335,517	20,317,324
<b>PROFIT BEFORE TAXATION</b>	<b>3,104,220</b>	<b>23,717,579</b>
<b>INCOME TAX EXPENSE</b>	<b>(1,492,912)</b>	<b>(2,357,991)</b>
<b>PROFIT AFTER TAXATION</b>	<b>1,611,308</b>	<b>21,359,588</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>	<b>37,477,213</b>	<b>(2,779,855)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>39,088,521</b>	<b>18,579,733</b>
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>		
Owners of the Company	1,611,308	21,359,588
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>		
Owners of the Company	39,088,521	18,579,733
Basic earnings per ordinary share	14	0.01
		0.15

The annexed notes form an integral part of these financial statements.

## FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	Non-distributable		Distributable	Total Equity (RM)
	Share Capital (RM)	Fair Value Reserve (RM)	Retained Profits (RM)	
Balance at 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 an investment recognized in profit or loss	-	12,506,585	-	12,506,585
Other comprehensive income:				
- Fair value gain 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 31.5.2016/1.6.2016	140,000,000	50,035,740	234,160,757	424,196,497
Profit after taxation	-	-	1,611,308	1,611,308
Impairment loss on an investment recognized in profit or loss	-	1,821,075	-	1,821,075
Other comprehensive income:				
- Fair value gain on investments for the financial year	-	35,590,801	-	35,590,801
- Reclassification to profit or loss on investments disposed	-	65,337	-	65,337
Total comprehensive income for the financial year	-	37,477,213	1,611,308	39,088,521
Balance at 31.5.2017	140,000,000	87,512,953	235,772,065	463,285,018

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	Note	2017 (RM)	2016 (RM)
<b>CASH FLOWS (FOR) / FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,104,220	23,717,579
Adjustments for:-			
Impairment loss on quoted investments		1,821,075	12,506,585
Net loss/(gain) on disposal of quoted investments		65,337	(30,857,557)
Operating profit before working capital changes		4,990,632	5,366,607
Decrease in other receivables, deposit and prepayments		167,135	1,446,684
(Decrease)/Increase in other payables and accruals		(6,263,522)	5,468,376
Proceeds from disposal of quoted investments		1,744,242	41,467,361
Purchase of quoted investments		(17,736,550)	(6,321,817)
<b>CASH (FOR)/FROM OPERATIONS</b>		(17,098,063)	47,427,211
Net income tax paid		(2,430,471)	(1,897,326)
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>		(19,528,534)	45,529,885
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(19,528,534)	45,529,885
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		303,481,263	257,951,378
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	15	283,952,729	303,481,263

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

1. GENERAL INFORMATION

Your Fund is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office: Unit Lot 6.05, Level 6,  
KPMG Tower, 8 First Avenue,  
Bandar Utama, 47800 Petaling Jaya,  
Selangor Darul Ehsan.

Principal place of business: 10th Floor, Menara Hap Seng,  
No.1 & 3 Jalan P Ramlee,  
50250 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 July 2017.

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 2016 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 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (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 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: •Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: •Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters •Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of your Fund upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors 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 Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. The directors specifically review its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(c) 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 assets and financial liabilities are recognised in the statements of financial position when your Fund has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in

accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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

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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying

amount on initial recognition.

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

##### (i) Financial Liabilities at 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.

##### (ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, your Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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.

4.5 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.

4.6 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for 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 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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or 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 (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

4.7 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 personnel of the reporting entity or of a parent of the reporting entity.

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

Related parties also include key 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.

#### 4.8 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.

#### 4.9 NET ASSET VALUE PER ORDINARY SHARE

Net asset value per ordinary share is calculated by dividing the net assets by the number of ordinary shares issued at the end of the reporting period.

#### 4.10 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

## FINANCIAL STATEMENTS

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.

### 4.11 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

	2017 (RM)	2016 (RM)
At market value:-		
Quoted securities in Malaysia, at 1.6.2016/2015	126,022,371	145,596,798
Additions during the financial year	17,736,550	6,321,817
Disposals during the financial year	(1,809,579)	(10,609,805)
Changes in fair value adjustments	35,656,138	(15,286,439)
Quoted securities in Malaysia, at 31.5.2017/2016	177,605,480	126,022,371

Impairment loss recognised due to fair value changes	1,821,075	12,506,585
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### 6. OTHER RECEIVABLES, DEPOSIT AND PREPAYMENTS

	2017 (RM)	2016 (RM)
Other receivables	654,718	898,234
Deposit	500	500
	655,218	898,734
Prepayments	1,219,475	1,143,094
	1,874,693	2,041,828

Included in prepayments is an amount of RM1,207,808 (2016 - RM1,131,427) being prepayment to related parties (Note 17).

### 7. SHORT-TERM DEPOSITS

	2017 (RM)	2016 (RM)
Deposits with licensed financial institutions	282,769,489	302,759,351

The deposits with licensed financial institutions of your Fund at the end of the reporting period bore effective interest rates ranging from 3.35% to 3.60% (2016 - 2.90% to 3.65%) per annum. The deposits with licensed financial institutions have maturity periods ranging from 1 to 3 months (2016 - 1 to 3 months).

### 8. OTHER PAYABLES AND ACCRUALS

	2017 (RM)	2016 (RM)
Other payables	-	6,321,817
Accruals	449,461	391,166
	449,461	6,712,983

### 9. SHARE CAPITAL

	2017	2016	2017	2016
	Number Of Shares		RM	
Ordinary Shares Of RM1 Each:-				
Authorised	N/A	1,000,000,000	N/A	1,000,000,000
Ordinary Shares with No Par Value (2016 - Par Value of RM1 Each)				
Issued And Fully Paid-Up	140,000,000	140,000,000	140,000,000	140,000,000

N/A – Not Applicable due to the adoption of the Companies Act 2016.

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue as a result of this transition.

### 10. RESERVES

	2017 (RM)	2016 (RM)
Fair value reserve	87,512,953	50,035,740
Retained profits	235,772,065	234,160,757
	323,285,018	284,196,497

#### (a) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes 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 ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share of your Fund is calculated based on the net assets at the end of the reporting period of RM463,285,018 (2016 - RM424,196,497) divided by the number of ordinary shares in issue at the end of the reporting period of 140,000,000 (2016 - 140,000,000).

#### 12. INCOME TAX EXPENSE

	2017 (RM)	2016 (RM)
Current tax:		
- for the financial year	1,500,422	1,959,207
- (over)/underprovision in previous financial years	(7,510)	398,784
	1,492,912	2,357,991

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:-

	2017 (RM)	2016 (RM)
Profit before taxation	3,104,220	23,717,579
Tax at the statutory tax rate of 24%	745,013	5,692,219
Tax effects of:-		
Non-taxable income	-	(7,405,814)
Tax-exempt dividends	(155,306)	(161,292)
Single Tier dividends	(1,180,043)	(894,504)
Non-deductible expenses	2,090,758	4,728,598
(Over)/Underprovision in previous financial years	(7,510)	398,784
Income tax expense for the financial year	1,492,912	2,357,991

#### 13. OTHER COMPREHENSIVE INCOME/(EXPENSES)

The components of other comprehensive income/(expenses) are as follows:-

	2017 (RM)	2016 (RM)
Impairment loss on an investment recognized in profit or loss	1,821,075	12,506,585
Fair value gain on investments for the financial year	35,590,801	15,571,117

Reclassification to profit or loss on investments disposed	65,337	(30,857,557)
	37,477,213	(2,779,855)

#### 14. EARNINGS PER SHARE

The basic earnings per ordinary share is arrived by dividing the earnings for the financial year of RM1,611,308 (2016 - RM21,359,588) over the number of ordinary shares of your Fund in issue during the financial year of 140,000,000 (2016 - 140,000,000).

#### 15. CASH AND CASH EQUIVALENTS

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

	2017 (RM)	2016 (RM)
Short-term deposits with licensed financial institutions	282,769,489	302,759,351
Bank balance	1,183,240	721,912
	283,952,729	303,481,263

#### 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; and
- (ii) In addition to the information detailed elsewhere in the financial statements, your Fund has related party relationships with its directors and key personnel.

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### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, your Fund also carried out the following significant transactions with the related parties during the financial year:-

	Note	2017 (RM)	2016 (RM)
Fund management fees paid to CDAM		3,263,523	3,075,342
Investment advisory fees paid to CDSB		3,263,523	3,075,342
Prepayment to CDAM and CDSB	6	1,207,808	1,131,427

Prepayment to the related parties are disclosed in Note 6 to the financial statements.

### (c) Key personnel Compensation

(i) The key personnel compensation during the financial year are as follows:-

	2017 (RM)	2016 (RM)
<u>Directors of the Company</u> Non-executive Directors - Fees	315,437	309,493

(ii) The number of your Fund's directors with total remuneration falling in bands of RM50,000 are as follows:-

	2017	2016
Non-executive Directors	Number of Directors	
- Below RM50,000	2	5
- RM50,001 - RM100,000	5	2
	7	7

## 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 single issuer risk, 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 asset value at 31 May 2017/2016. The analysis is based on the assumption that the market prices of the quoted securities in which your Fund invested changes by +/-10% (2016: +/-10%) with all other variables held constant. The selected 10% change does not reflect what could be considered the best or worst case scenarios. Market prices for equity securities are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may results from perceived changes in the underlying economics characteristics of the investee and general market conditions.

	Impact on Other Comprehensive Income/Net Asset Value	
	Equity Price Risk	
	-10% (RM)	+10% (RM)
31 May 2017	(17,760,548)	17,760,548
31 May 2016	(12,602,237)	12,602,237

(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:-

	2017 Increase/ (Decrease) RM	2016 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 100 basis points ("bp")	2,149,048	2,300,971
Decrease of 100 bp	(2,149,048)	(2,300,971)
Effects on equity		
Increase of 100 bp	2,149,048	2,300,971
Decrease of 100 bp	(2,149,048)	(2,300,971)

(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):-

	Contractual Interest Rate (%)	Carrying Amount (RM)	Contractual Undiscounted Flows (RM)	Within 1 Year (RM)	1-5 Years (RM)
2017					
<u>Non-derivative Financial Liability</u>					
Other payables and accruals	-	449,461	449,461	449,461	-
2016					
<u>Non-derivative Financial Liability</u>					
Other payables and accruals	-	6,712,983	6,712,983	6,712,983	-

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.

## FINANCIAL STATEMENTS

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

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

### 18.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2017 (RM)	2016 (RM)
Financial Assets		
<u>Available-for-sale financial asset</u>		
Investments (Note 5)	177,605,480	126,022,371
<u>Loans and receivables financial assets</u>		
Other receivables and deposit (Note 6)	655,218	898,734
Short-term deposits (Note 7)	282,769,489	302,759,351
Bank balance (Note 15)	1,183,240	721,912
	284,607,947	304,379,997
Financial Liability		
<u>Other financial liability</u>		
Other payables and accruals (Note 8)	449,461	6,712,983

### 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.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value (RM)	Carrying Amount (RM)
	Level (L) 1 (RM)	L2 (RM)	L3 (RM)	L1 (RM)	L2 (RM)	L3 (RM)		
2017								
<u>Financial Asset</u>								
Investments: - quoted shares	177,605,480	-	-	-	-	-	177,605,480	177,605,480
2016								
<u>Financial Asset</u>								
Investments: - quoted shares	126,022,371	-	-	-	-	-	126,022,371	126,022,371

### 19. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of your Fund upon its initial adoption are:-

- (i) Removal of the authorised share capital; and
- (ii) Ordinary shares will cease to have par value.

The adoption of the Companies Act 2016 is to be applied prospectively and the impacts of adoption are disclosed in the respective note to the financial statements.

### 20. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
Statement of Comprehensive Income and Other Comprehensive Income (Extract):-		
Operating expenses (Extract):-		
Service Tax	-	1,927
Others	92,028	90,101

### 21. 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:-

	2017 (RM)	2016 (RM)
Retained profits of your Fund comprise of:-		
Realised Profits	235,772,065	234,160,757
Unrealised Profits	-	-
Total retained profits as per statement of financial position	235,772,065	234,160,757

# INVESTMENT PORTFOLIO

As of 31 May 2017, 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	APM Automotive Holdings Berhad	1,420,500	5,306,991	5,838,255	-	531,264
2	Boustead Holdings Berhad	12,147,786	27,444,475	32,191,633	-	4,747,158
3	Fraser & Neave Holdings Berhad	517,600	3,923,846	12,588,032	-	8,664,186
4	Malaysia Smelting Corporation Berhad	2,902,000	10,082,424	11,753,100	(2,392,124)	4,062,800
5	MKH Bhd	1,356,830	3,436,689	3,378,507	-	(58,182)
6	Oceancash Pacific Bhd	2,230,000	1,249,861	1,627,900	-	378,039
7	Padini Holdings Berhad	19,000,000	5,490,389	66,690,000	-	61,199,611
8	Parkson Holdings Berhad	10,742,298	21,202,731	6,176,821	(14,327,660)	*(698,249)
9	Selangor Properties Berhad	1,666,400	7,743,009	8,282,008	-	538,999
10	Suria Capital Holdings Berhad	9,244,400	15,400,153	19,690,572	-	4,290,419
11	Tong Herr Resources Berhad	2,579,300	6,045,732	9,388,652	(513,988)	3,856,908
	Total		107,326,299	177,605,480	(17,233,772)	87,512,953

As at 31 May 2017, impairment loss on investment in Parkson Holdings Berhad was RM14,327,660 due to decline in market value of Parkson Holdings. The market value as at 31 May 2017 was RM6,176,821 and the cost was RM21,202,731. 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 31 May 2017, the net unrealised loss for Parkson Holdings Berhad was RM698,249 together with the impairment loss of RM14,327,660 recognised as at 31 May 2017, giving the total unrealised loss of RM15,025,909.

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 2017:-

	Companies	Shares	Cost (RM)	Disposal Value (RM)	Realised Loss (RM)
1	Tong Herr Resources Berhad	900,000	1,809,579	1,744,242	65,337

## Description of the Companies

### Businesses

#### APM Automotive Holdings Berhad

APM Automotive is a Malaysian automotive parts manufacturer that has expanded rapidly to become a major regional supplier and is expanding globally.

#### Boustead Holdings Berhad

Boustead Holdings is one of the largest conglomerates in Malaysia, with business 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 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.

#### MKH Berhad

MKH is a well-known property developer. Apart from property development, MKH has ventured into other businesses such as oil palm cultivation, furniture manufacturing and trading.

#### Oceancash Pacific Berhad

Oceancash Pacific is a manufacturer of resonated and thermoplastic felts. The group has expanded its range of product and services.

#### 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, Indonesia, etc.

#### Selangor Properties Berhad

Selangor Properties is involved in property investment and development, and investment holding.

#### 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 manufacture of aluminum extrusion products in Malaysia.

# ADDITIONAL INFORMATION

## 1. Non-Audit Fees

The information on the audit and non-audit fees is disclosed on page 26 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	RM3,263,522.78	RM3,263,522.78
Mode of settlement of consideration	Cash	Cash
Relationships	The Fund Manager of your Fund which holds 0.722% 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 is not seeking Shareholders' Mandate in respect of the RRPT of a revenue or trading nature to be entered into by your Fund at the 13th Annual General Meeting to be held on 9 September 2017.

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

As at 31 May 2017, the Designated Person has a direct interest in 10,000 shares and an indirect interest in 1,595,800 shares, whilst your Fund Manager has a direct interest in 1,011,100 shares.

## 5. Security Transaction Information

Total number of transactions in securities entered into for the financial year ended 31 May 2017 amounted to 53 trades with total brokerage paid of RM40,994.47.

## 6. Gross Revenue of the Closed-End Fund

The information on your Fund's gross revenue is presented on page 36 in the audited income statement for the financial year ended 31 May 2017 as attached in this Annual Report.

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

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

## 8. Utilisation of Proceeds

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

## 9. 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 your Fund, to give a presentation on the investment portfolio and sharing of investment and economic outlook with the share owners at every Annual General Meeting.

Since 2010, your Fund, with the assistance of your 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 were organised during the past Investor Days. Share owners and the public were also given the rare opportunity to interact personally with Mr. Tan Teng Boo through his half day sessions since the 2014 Investor Day where he had shared his personal life experiences, thought provoking issues and events of general/public interests and more.

Effective this year, the 13th Annual General Meeting (13th AGM) of icapital.biz Berhad and 2017 International Investor Day will be organised under different formats and separately held. The change is aimed at ensuring that the 2 events are better managed and more time could be devoted to each of the events.

Due to the above changes, Mr. Tan Teng Boo will be able to dedicate more time at the 13th AGM to interact and engage with the share owners.

For more insights on this CSR initiative by your Fund, please turn to page 31.

## 10. Landed Properties

Your Fund does not own any landed properties.

# ANALYSIS OF SHAREHOLDINGS

as at 31 July 2017

Issued and Paid-up Share Capital	:	140,000,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

## Substantial Shareholder

Name of Substantial Shareholder	No. of shares held			
	Direct	%	Indirect	%
City of London Investment Management Company Ltd	-	-	(1)23,616,000	(1)16.869

Note:

(1) Deemed interested in shares held by Deutsche Bank (Malaysia) Berhad – Favour: The Bank of New York Mellon, HSBC Bank Malaysia Berhad – Favour: Northern Trust and Standard Chartered Bank Malaysia Berhad – Favour: RBC.

## Distribution of Shareholdings

Size of holdings	No. of holders	%	No. of shares	%
1 – 99	108	3.00	1,049	0.00
100 – 1,000	1,059	29.43	663,217	0.47
1,001 – 10,000	1,391	38.66	6,416,200	4.58
10,001 – 100,000	780	21.68	27,800,000	19.86
100,0001 to less than 5% of issued shares	260	7.23	105,119,534	75.09
5% and above of issued shares	0	0.00	0	0.00
Total	3,598	100.00	140,000,000	100.00

## Directors' Shareholdings

Name of Directors	No. of shares held			
	Direct	%	Indirect	%
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Dato' Tan Ang Meng	-	-	-	-
Dato' Syed Ismail Bin Dato' Haji Syed Azizan	-	-	-	-
Dato' Seri Md Ajib Bin Anuar	-	-	-	-
Madam Leong So Seh	-	-	-	-

## Thirty Largest Shareholders

No.	Name	No. of shares	Percentage holding (%)
1.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING MARKETS COUNTRY FUND	4,891,200	3.4937
2.	CHONG AH HIM @ CHONG KUM KWAN	4,711,500	3.3654
3.	TUNKU SARA BINTI TUNKU AHMAD YAHAYA	2,800,000	2.0000
4.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR THE WORLD MARKETS UMBRELLA FUND PLC	2,670,500	1.9075
5.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR GLOBAL EMERGING MARKETS FUND	2,273,200	1.6237
6.	HSBC NOMINEES (ASING) SDN BHD TNTC FOR UNITED MINE WORKERS OF AMERICA 1974 PENSION TRUST	2,101,300	1.5009
7.	ANNHOW HOLDINGS SDN BHD	2,000,000	1.4286
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD YEOW AH TU	1,910,200	1.3644
9.	LAM FOOK SHIN	1,832,200	1.3087
10.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING MARKETS GLOBAL FUND	1,661,300	1.1866
11.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO	1,574,100	1.1244
12.	OCUVAS SDN.BHD.	1,370,000	0.9786
13.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR CORNELL UNIVERSITY	1,357,400	0.9696
14.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING MARKETS INVESTABLE FUND	1,284,300	0.9174
15.	LEOW KOK MEOW & SONS SENDIRIAN BERHAD	1,250,000	0.8929
16.	HENG KIM SIANG	1,238,100	0.8844
17.	WONG YOON TET	1,080,000	0.7714

## ANALYSIS OF SHAREHOLDINGS

### Thirty Largest Shareholders (continued)

No.	Name	No. of shares	Percentage holding (%)
18.	VOHRAH - MERICAN SDN BHD	1,078,200	0.7701
19.	LAI HUI ENG	1,058,400	0.7560
20.	TONG CHONG KONG	1,041,000	0.7436
21.	LEE SIEW LIN	1,038,000	0.7414
22.	SOON KHIAT VOON	1,002,000	0.7157
23.	LOH KIAN CHONG	1,000,000	0.7143
24.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR UNIVERSITY OF PITTSBURGH	961,000	0.6864
25.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	895,900	0.6399
26.	YEOH AH TU	832,200	0.5944
27.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR DESERET MUTUAL MASTER RETIREMENT PLAN	828,700	0.5919
28.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR CITIGROUP PENSION PLAN	824,500	0.5889
29.	HSBC NOMINEES (ASING) SDN BHD TNTC FOR THE TRUSTEES OF THE HENRY SMITH CHARITY	791,500	0.5654
30.	CAPITAL DYNAMICS ASSET MANAGEMENT SDN BHD	739,000	0.5279
Total		48,095,700	34.35

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of ICAPITAL.BIZ BERHAD will be held at Grand Ballroom, Renaissance Kuala Lumpur Hotel, Corner of Jalan Sultan Ismail and Jalan Ampang, 50450 Kuala Lumpur on Saturday, 9 September 2017 at 9.00a.m for the following purposes:-

### AGENDA

#### As Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 May 2017 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1 of the Explanatory Notes)
  - To approve the Directors' fees and benefits payable to the Directors of the Company amounting to RM297,437 for the financial year ended 31 May 2017. Ordinary Resolution 1
  - To approve the aggregate benefits payable of RM60,000 to the Directors of the Company from 1 June 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors. Ordinary Resolution 2
  - To re-elect Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan who is retiring pursuant to Article 96(1) of the Constitution of the Company. Ordinary Resolution 3
- Dato' Tan Ang Meng, who retires in accordance with Article 96(1) of the Constitution of the Company has given notice that he will not be seeking re-election. Hence, he will retain office until the conclusion of the Thirteenth Annual General Meeting.
- To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 4

#### As Special Business

- Proposed Amendments to the Constitution of the Company.  
"That the deletions, alterations, modifications, variations and additions to the Constitution of the Company as set out in Appendix I accompanying the Annual Report of the Company for the financial year ended 31 May 2017 be and are hereby approved." Special Resolution
- To transact any other business for which due notice shall have been given pursuant to the Companies Act, 2016.

By Order of the Board  
TAI YIT CHAN (MAICSA 7009143)  
TAN AI NING (MAICSA 7015852)  
Company Secretaries

Selangor Darul Ehsan  
Date: 18 August 2017

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.
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 proxy(ies) 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 Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan 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 603-7720 1111](tel:603-77201111) 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 Lot

6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan 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. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 August 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Explanatory Notes:

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. The proposed Special Resolution, if passed, will align the Constitution with the new Companies Act, 2016 which came into force on 31 January 2017, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and prevailing statutory and regulatory requirements as well as to facilitate some administrative matters and provide greater clarity. Please refer to the Appendix I accompanying the Annual Report of the Company for the financial year ended 31 May 2017.

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 2017, 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, immediately after all the ordinary and special businesses have been tabled at the Thirteenth Annual General Meeting.

*Personal data privacy:-*

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*





# PROXY FORM

icapital.biz Berhad (674900-X)

(Incorporated in Malaysia)

PROXY FORM

CDS Account Number of Holder

No. of shares held

I/We \_\_\_\_\_ [name of shareholder as per NRIC, in capital letters]

NRIC No./ID No./Company No. \_\_\_\_\_ [new] \_\_\_\_\_ [old] \_\_\_\_\_

of \_\_\_\_\_ [full address]

being a member of ICAPITAL.BIZ BERHAD, hereby appoint \_\_\_\_\_ [name of proxy as per NRIC, in capital letters]

NRIC No. \_\_\_\_\_ [new] \_\_\_\_\_ [old] \_\_\_\_\_

of \_\_\_\_\_ [full address]

or failing him/her \_\_\_\_\_ [name of proxy as per NRIC, in capital letters]

NRIC No. \_\_\_\_\_ [new] \_\_\_\_\_ [old] \_\_\_\_\_

of \_\_\_\_\_ [full address]

or failing him/her, the \*Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Grand Ballroom, Renaissance Kuala Lumpur Hotel, Corner of Jalan Sultan Ismail and Jalan Ampang, 50450 Kuala Lumpur on Saturday, 9 September 2017 at 9.00am or at any adjournment thereof.

(\*Please delete the words "Chairman of the Meeting" if you wish to appoint some other person to be your proxy.)

My/our proxy is to vote as indicated below:-

No.	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' fees and benefits payable to Directors of the Company amounting to RM297,437 for the financial year ended 31 May 2017.		
Ordinary Resolution 2	Approval of aggregate benefits payable of RM60,000 to Directors of the Company from 1 June 2017 until the next Annual General Meeting of the Company to be paid monthly in arrears.		
Ordinary Resolution 3	Re-election of Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan as Director.		
Ordinary Resolution 4	Re-appointment of Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Resolution	Proposed Amendments to the Constitution of the Company.		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature/Common Seal of Shareholder

Date:

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

## NOTES:-

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company.
- 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.
- 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.
- 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.
- 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.
- 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.
- The appointment of proxy(ies) may be made in a hard copy form or by electronic means, and must-
  - 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 Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan 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.
  - By electronic means (via fax)  
In the case of an appointment made by electronic means, be received via facsimile at fax number 603-7720 1111 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 Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan 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.

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8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 29 August 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 18 August 2017.

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AFFIX  
STAMP

**The Share Registrar**  
icapital.biz Berhad  
Boardroom Corporate Services (KL) Sdn. Bhd.  
Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor, Malaysia.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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)

Madam Leong So Seh  
(Independent Non-Executive Director)

## DESIGNATED PERSON

Tan Teng Boo

## AUDIT COMMITTEE

Chairman :  
Dato' Seri Md Ajib Bin Anuar

Members :  
Dato' Tan Ang Meng  
Dato' Sri Syed Ismail Bin Dato' Haji  
Syed Azizan  
Madam Leong So Seh

## NOMINATION COMMITTEE

Chairman :  
Datuk Ng Peng Hong @ Ng Peng Hay

Members :  
Dato' Sri Syed Ismail Bin Dato' Haji  
Syed Azizan  
Madam Leong So Seh

## STOCK EXCHANGE LISTING

Main Market of Bursa  
Securities Berhad  
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  
Tel No. : (603) 2070 2106 - 8  
Fax No. : (603) 2070 6653  
Email : [cdam@cdam.biz](mailto:cdam@cdam.biz)  
Website : [www.cdam.biz](http://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](mailto:cdsb@icapital.biz)  
Website : [www.icapital.biz](http://www.icapital.biz)

## ADMINISTRATOR

TMF Administrative  
Services Malaysia Sdn Bhd  
10th Floor, Menara Hap Seng  
No. 1 & 3 Jalan P. Ramlee  
50250 Kuala Lumpur

## CUSTODIAN

Standard Chartered Bank  
Malaysia Berhad  
Level 13A  
Menara Standard Chartered  
30 Jalan Sultan Ismail  
50250 Kuala Lumpur

## REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel No. : (603) 7720 1188  
Fax No. : (603) 7720 1111

## REGISTRAR

Boardroom Corporate  
Services (KL) Sdn Bhd  
Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel No. : (603) 7720 1188  
Fax No. : (603) 7720 1111

## COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)  
Tan Ai Ning (MAICSA 7015852)

## AUDITORS

Crowe Horwath (AF 1018)  
Level 16, Tower C  
Megan Avenue II,  
12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur

## FUND'S WEBSITE

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

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