

icapital.biz Berhad

(674900-X)

2019 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, 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 unanimously approved by the share owners, your Fund is not allowed to borrow.

WHY WE EXIST

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

HOW TO EVALUATE YOUR FUND

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

WHO RUNS YOUR FUND

Set up as a company under the Companies Act 1965, icapital.biz Berhad is represented by its Board of Directors. The Board members are non-executive and undertake a supervisory role to ensure that your Fund operates in an orderly fashion at all times.

Your Fund does not have any staff. Its operations are outsourced to independent service providers. The main service providers are the Fund Manager, the Investment Adviser, the Custodian and the Administrator.

The assets are managed by the Fund Manager who shall appoint a Designated Person responsible for managing the assets of your Fund, in accordance with the approved investment policies and objectives. The assets are safe kept by the Custodian while the accounting and administrative services are outsourced to the Administrator.

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

There are major differences between a unit trust fund and a closed-end fund. For a copy of the report explaining these, please contact the Investment Adviser, Capital Dynamics Sdn Bhd or please visit www.icapitaleducation.biz. Though incorporated as a company, there are some differences between a normal listed company and a listed closed-end fund. More details can be found in the Explanatory Note section of this annual report.

HOW TO CONTACT US

For more information on your Fund, kindly visit www.icapital.my.

The company secretary can be contacted at (603) 7720 1188, at fax no (603) 7720 1111 or at 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.

The Investment Adviser can be contacted at (603) 2070 2104, at fax no (603) 2070 2103 or at 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 2019, your Fund's net asset value ("NAV") decreased to RM450.208 million, from RM498.695 million in the preceding financial year. The NAV of your Fund dropped 9.55% from RM3.56 per share on 31 May 2018 to RM3.22 per share on 31 May 2019.

The NAV of your Fund was affected by the uncertainties prevailing in the global economy and the plunge in the share price of Padini towards the end of 2018.

Notwithstanding a drop in the NAV and NAV per share in financial year 2019, in terms of return measured from your Fund's inception date to 17 July 2019 (the cut-off date of the 2019 Annual Report), your Fund's NAV achieved an annualised growth rate of 9.12%, compared with 4.42% for the KLCI. Meanwhile, the annualised return of your Fund's share price has outperformed the KLCI by 2.19% per annum over the same period.

In appraising the performance of your Fund, it is necessary to remember that the most appropriate variable to focus on is its NAV. The profit and loss statement has no appraisal value of your Fund. Nevertheless, for the financial year ended 31 May 2019, your Fund recorded revenue of RM14.726 million, a decrease of RM1.13 million compared with the corresponding period last year. The lower revenue was due to a reduction in dividend income. To note, the figures for the last financial year have been restated due to the changes in the accounting standards.

Your Board is glad to learn that the High Court of Kuala Lumpur ruled in favour of the Plaintiffs in a defamation suit filed by your Fund Manager, Investment Adviser and Designated Person (collectively referred as the "Plaintiffs") against a senior journalist from The Edge. She had written and published a defamatory article in the Digital Edge in September 2015. The High Court verdict has vindicated your Fund and the Plaintiffs from all these unfounded claims. Your Board acknowledges that the Plaintiffs have been diligently managing your Fund's investments in the

best interest of all share owners and have consistently delivered above average returns since your Fund was listed, based on the approved investment objectives and policies.

Your Board also appreciates the voluntary efforts of Capital Dynamics in organizing the 2018/2019 Global Investor Week and all the past Annual General Meetings ("AGMs"), investor events, roadshows, etc. for the share owners without your Fund having to pay for their services.

As part of your Board's continuous efforts in strengthening your Board composition, your Board is pleased to extend a warm welcome to Datin Siah Li Mei who joined your Board as an Independent Non-Executive Director with effect from 11 July 2019. Your Board concurs that Datin Siah's experience of close to 30 years in the legal fraternity will be an added advantage to your Board.

To date, your Fund remains as the only closed-end fund listed on Bursa Securities. Your Board, your Fund Manager and Investment Adviser are mindful of the main purpose in launching icapital.biz Berhad; that is, to provide an affordable avenue for retail investors to invest for the long term, based on sound investing principles. On behalf of your Board, I call upon fellow share owners to participate in the AGM, as every share owner, regardless of the number of shares held, has the right to decide on the future of the Fund. In this context, your Fund will continue to provide the e-lodgement of Proxy Forms which was initiated last year for individual share owners. Your Board looks forward to welcoming all share owners to this year's AGM.

For the benefit of new share owners, your Fund's AGM is a unique full day event where share owners have the opportunity to engage with Tan Teng Boo, the Designated Person, on the Fund's investment and other valuable insights. Be rest assured that the session would be as thought provoking as in previous years.

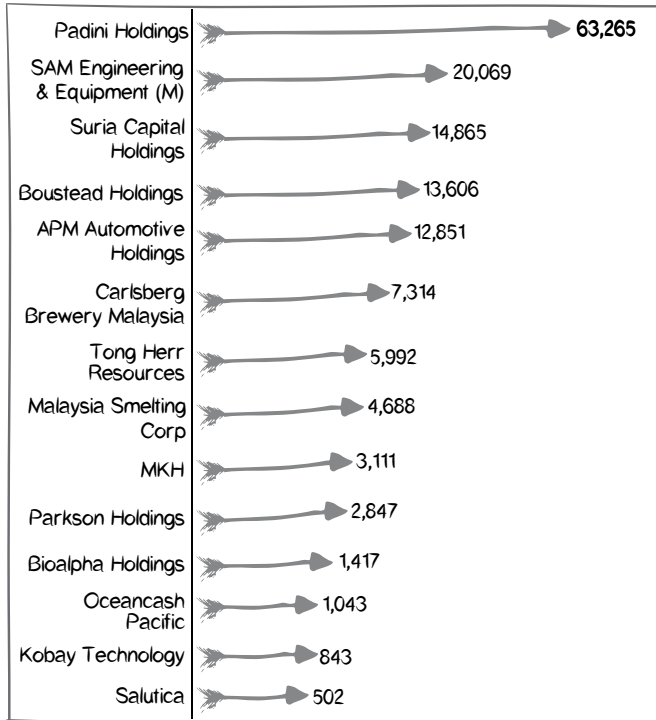
Datuk Ng Peng Hong @ Ng Peng Hay
Chairman
17 July 2019

B | WHAT WE HAVE DONE WITH YOUR FUNDS

i. INVESTMENT PORTFOLIO

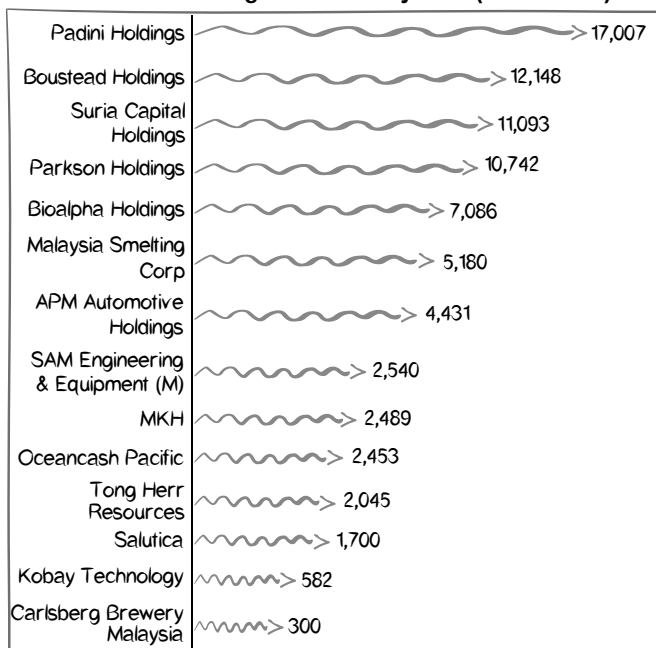
The portfolio of your Fund, ranked in terms of the market value of each stock, is shown in **Chart 1**.

Chart 1: Market Value of Holdings as at 31 May 2019 (RM '000)



Ranked in terms of quantity held, the portfolio of your Fund is shown in **Chart 2** below.

Chart 2: Size of Holdings as at 31 May 2019 ('000 shares)



“ **INVESTING** is most intelligent when it is most business-like ”
— Benjamin Graham

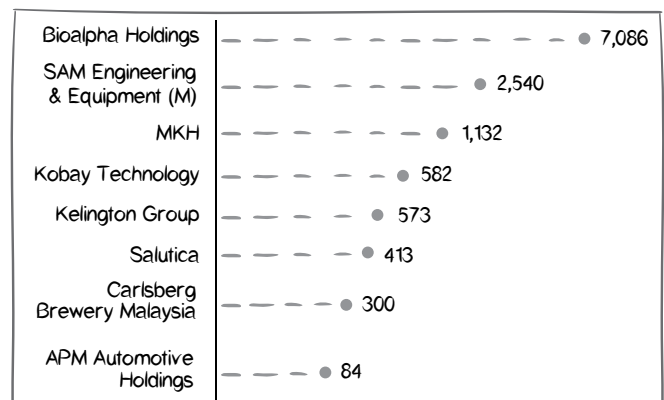
As at 31 May 2019, your Fund invested RM133.430 million with a market value of RM152.412 million, yielding unrealised gains of RM18.982 million. Of your Fund's investments as at 31 May 2019, Carlsberg Brewery Malaysia Berhad, Padini Holdings Berhad, Sam Engineering & Equipment (M) Bhd, and Tong Herr Resources Berhad recorded substantial unrealised gains.

ii. INVESTMENTS MADE

For the financial year ended 31 May 2019, your Fund made new investments as shown in Chart 3. These were Bioalpha Holdings Berhad, Carlsberg Brewery Malaysia Berhad, Kobay Technology Berhad, and SAM Engineering & Equipment (M) Berhad.

Bioalpha Holdings Berhad is an integrated health supplement company. Carlsberg Brewery Malaysia Berhad Company is engaged in the production of beer, stout, shandy and non-alcoholic beverages for distribution in the domestic market and for export. Kobay Technology Berhad is a leading manufacturer of precision components, tooling, automation equipment and fabricated structures. SAM Engineering & Equipment (M) Berhad is a key player in precision machining, equipment integration and automation solutions for the aerospace industry. At the same time, we made additional purchases of APM Automotive Holdings Berhad, MKH Berhad, and Salutica Berhad (see **Chart 3**).

Chart 3: Purchases made since 01 June 2018 ('000 shares)



iii. INVESTMENTS SOLD

For the financial year ended 31 May 2019, your Fund sold 217,600 shares of Fraser & Neave Holdings Berhad, 573,000 shares of Kelington Group Berhad (573,000 shares were purchased in the said financial year), 2,454,000 shares of Malaysia Smelting Corporation Berhad, 1,993,300 shares of Padini Holdings Berhad, 2,853,000 shares of Selangor Properties Berhad (Capital Reduction – Buy Back Exercise), and 168,900 shares of Tong Herr Resources Berhad, generating a gain of RM20.508 million with a cost of RM19.632 million.

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 RM3.22 by 31 May 2019 – see **Chart 4**. This represents a gain of 225%. Since its listing on 19 October 2005, the market price of your Fund had risen from RM1.01 to RM2.42 by 31 May 2019. This represents a gain of 140%. During the same period, the FBMKLCI rose by 81%.

Chart 4: Gain from 19 Oct 2005 to 31 May 2019

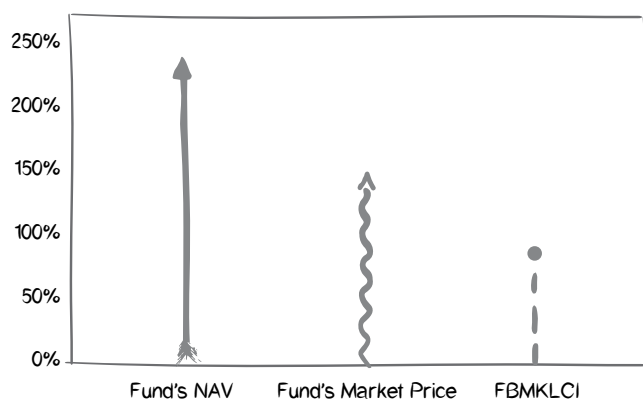
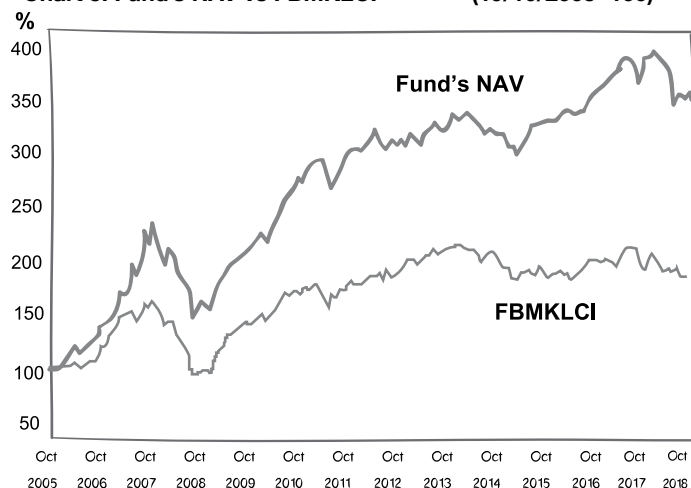


Chart 5 shows the performance of your Fund's NAV in comparison with the FBMKLCI.

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



From 31 May 2018 to 31 May 2019, the NAV per share of your Fund decreased from RM3.56 to RM3.22 (a loss of 9.55%) and the market price decreased from RM2.59 to RM2.42 (a loss of 6.56%). In the same period, FBMKLCI lost 5.16%.

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

Table 1 : Cumulative Return (%) From 19/10/2005 to 31/12/___

Year	NAV	Price	KLCI	Cash*
2005	0.00	8.00	-1.57	62.39
2006	38.38	46.00	19.92	33.79
2007	125.25	162.00	58.07	15.58
2008	58.59	39.00	-4.09	32.97
2009	101.01	74.00	39.23	10.51
2010	157.58	109.00	66.15	29.87
2011	175.76	105.00	67.44	34.92
2012	195.96	137.00	84.75	34.34
2013	211.48	147.37	104.22	50.73
2014	203.21	140.16	92.66	63.16
2015	211.48	137.06	85.14	61.76
2016	222.87	155.62	79.59	68.59
2017	268.40	192.72	96.55	54.61
2018	229.08	154.59	84.93	68.52
2019*	233.22	149.43	80.75	65.78

Table 2 : Annualised Return (%) From 19/10/2005 to 31/12/___

Year	NAV	Price	KLCI
2005	0.00	46.93	-7.62
2006	31.09	37.08	16.34
2007	44.65	54.93	23.14
2008	15.49	10.83	-1.30
2009	18.07	14.09	8.19
2010	19.94	15.22	10.25
2011	17.77	12.27	8.67
2012	16.25	12.72	8.89
2013	14.85	11.67	9.09
2014	12.81	9.98	7.38
2015	11.78	8.83	6.22
2016	11.02	8.73	5.36
2017	11.27	9.20	5.69
2018	9.44	7.33	4.76
2019*	9.24	6.94	4.43

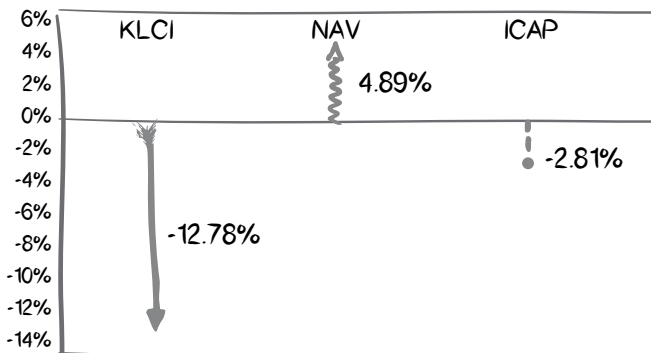
Note *: Cash refers to your Fund's cash level and 2019 refers to 31 May 2019.

As the above tables clearly show, the cash level of your Fund has in the past fluctuated substantially from a low of 10.51% to a high of 68.59%.

As at 17 July 2019, your Fund has more than RM296.84 million cash and near cash (or RM2.12 per share), compared with RM285.48 million (or RM2.04 per share) as at 21 August 2018. Despite investing in four new companies, your Fund's cash level was substantially boosted by the privatization of Selangor Properties Berhad.

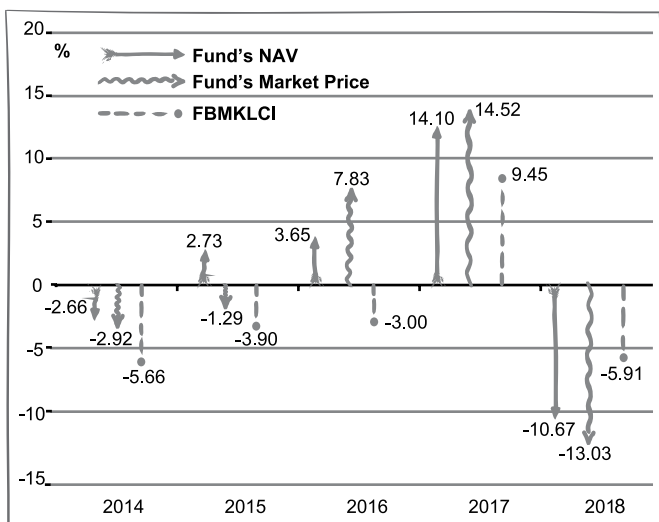
Chart 6 shows the performance of the FBMKLCI from its peak on 8 July 2014 until 31 May 2019, and the NAV and share price of icapital.biz Berhad during the same period. While the FBMKLCI lost 12.78%, your Fund's NAV appreciated 4.89% and its price decreased 2.81%.

Chart 6: Percentage change from 8 Jul 2014 to 31 May 2019



Your Fund has outperformed the FBMKLCI for four consecutive calendar years except in 2018. The NAV and share price of your Fund both did better than the FBMKLCI in 2014, 2015, 2016 and 2017, as shown in **Chart 7**. In 2018, your Fund's NAV was affected by the plunge in Padini's share price in December 2018. Up to November 2018, it was still ahead of the KLCI.

Chart 7: Annual return for Fund's NAV and Market Price Vs FBMKLCI from 31 Dec 2014 to 31 Dec 2018.



v. WHAT WE THINK

Malaysia's Outlook

Even though official sources do not term it this way, it is well-known that Malaysia has been caught in the dreaded Middle-Income Trap for a long time. First, to explain this well-known structural trap, I quote from *i Capital*, dated 29 November 2018, the following:

"What is The Middle-Income Trap ?

The middle-income trap is a situation in which a country's economic growth slows after reaching middle income levels. The transition to high-income levels becomes unattainable and the country remains trapped and eventually declines. The world economy is littered with many such failures. Argentina, Brazil, Mexico and Turkey are some examples. According to the World Bank, only 13 of 101 middle-income economies in 1960 had successfully overcome this pernicious trap to become high-income economies by 2008. In Asia, these included Japan, South Korea, and Singapore but not Malaysia.

Malaysia has in recent years reached a very critical stage of her economic growth and development journey. This critical stage refers to the famous middle-income trap. Empirical work suggests that the growth rate of a country's per capita GDP typically slows substantially at incomes of between US\$10,000 and US\$15,000. Malaysia's GDP per capita in 2017 is US\$9,755, placing her in the dangerous middle income trap level.

Growth slowdowns happen because the factors that generate high growth during an initial phase of rapid growth and development disappear. The middle-income trap is a dreaded situation as it describes a country that is unable to compete against advanced economies with high levels of innovation and value-adding activities while being unable to compete with less developed economies that offer cheaper labour. Middle-income countries are squeezed between the low-wage poor-country competitors that dominate in mature industries and the rich-country innovators that dominate in industries undergoing rapid technological change. Malaysia is trapped in between Indonesia, Vietnam, etc on the low end and Japan, South Korea, the United States, etc on the high end. Very often, the economic trap is complicated by adverse political factors and developments such as failures of democracy and pervasive corruption. All these started to burgeon in Malaysia in the Nineties."

Source : <https://www.icapital.biz/newsletter/sections/Kuala-Lumpur/22>

I have been arguing in much of my writing that unless the Malaysian economy urgently reforms and effectively escapes this trap, we are staring at economic stagnation and possibly even decline. What I have feared for many years now had happened faster than I expected. Now, Malaysia's human resources minister has confirmed Malaysia's decline. Malaysia has fallen so far behind her ASEAN neighbours that her human resources minister has to confess that workers from Vietnam and Indonesia are no longer interested in working in Malaysia

WHAT WE HAVE DONE WITH YOUR FUNDS

as wages here are not too different from their countries of origin. This is shocking. Vietnam has 97 million people and Indonesia has 270 million versus 32 million for Malaysia. Workers in labour-surplus countries are not keen to work in a labour-scarce country and to think that Malaysia is aiming to be a high-income country in a few years' time! We are experiencing a structural decline. What has happened?

Structural Decline

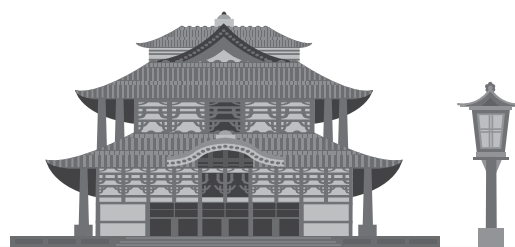
The education ministry of any country is the most important ministry. By this logic, the education minister holds the most important Cabinet portfolio in any country. The quality or the lack of it will make or break a country's growth and development over the longer term. This is what has happened to Malaysia. Her present-day economic problems are due to the poor-quality education policy Malaysia has implemented since the early Seventies. It is not easy to precisely ascertain when the rot set in, but one can safely say that Malaysia's education system started falling apart when Tunku Abdul Rahman was ousted in 1970. The medium of instruction in all primary and secondary schools was based on the Malay language from 1970 onwards, and this change was implemented in stages. In Peninsular Malaysia and Sabah, English ceased to be the medium of instruction at the primary level in 1975, at the secondary level in 1982, and at the tertiary level in 1983. In Sarawak, the conversion of the medium of instruction was implemented in 1977 beginning with Standard One. In 1980, the Sijil Pelajaran Malaysia examination was conducted in the Malay language. In 1970, English ceased to be the medium of instruction for teacher training at the primary level.

Mathematics

Can anything be done for Malaysia? If I am given only one word with which to answer this difficult question, it would be: mathematics.

The global economy is experiencing an unprecedented rate of disruptions. New technologies and the convergence of technologies underlie this ongoing trend. In the 21st century and beyond, mathematical skills will become even more critical for a country's growth and development. Why? Modern technology is solidly based on mathematics. Be they applied in 5G technology, artificial intelligence, robotics, quantum computing, autonomous driving, space exploration and a lot more, mathematical skills, especially advanced mathematical skills, will be the key determinant of a country's progress or regression. Without solid mathematics education, Malaysia will miss out on 4th Industrial Revolution.

In this regard, Malaysia can learn plentifully from China, a nation with the world's oldest education system and a profound and thorough mathematical tradition that has unyieldingly emphasised performance and perfection. Mathematics in China had already emerged independently by the 11th century BCE. In parallel with China's general emphasis on education in general, there was also emphasis on specific subjects. Mathematics was one of them. Mathematics was one of the *Liu Yi* (六艺) or the *Six Arts* students were required to master



Confucius' Teachings on Education

"In his teaching, the superior man guides his students but does not pull them along; he urges them to go forward and does not suppress them; he opens the way, but does not take them to the place. Guiding without pulling makes the process of learning gentle; urging without suppressing makes the process of learning easy; and opening the way without leading the students to the place makes them think for themselves. Now, if the process of learning is made gentle and easy and the students are encouraged to think for themselves, we may call the man a good teacher."

"Only through education does one come to be dissatisfied with his own knowledge, and only through teaching others does one come to realize the uncomfortable inadequacy of his knowledge. Being dissatisfied with his own knowledge, one then realizes that the trouble lies with himself, and realizing the uncomfortable inadequacy of his knowledge, one then feels stimulated to improve himself. Therefore it is observed, "The processes of teaching and learning stimulate one another."

Source : <https://www.nap.edu/read/12874/chapter/2#4>

during the Zhou Dynasty (1122 – 256 BCE). Learning them all perfectly was the criteria for being a perfect gentleman. The Six Arts have their roots in Confucian philosophy. From the sixth century, mathematics was taught as part of the course for the civil service examinations. Li Chunfeng (602 – 670 CE) was appointed as the editor-in-chief for a collection of mathematical treatises to be used for the course. This early emphasis on mathematics has served China well in the past and it will most certainly propel China in the 21st century.

Chinese Lessons

While the Chinese students, and students from other East Asian countries with deep Confucian traditions, have been excelling in mathematics for the past few decades, many have criticised the way the Chinese teach and learn mathematics. It is widely believed that Chinese students are passive in learning mathematics, and that their experiences are limited to memorising, imitating, drilling, and taking tests. They criticize Chinese-style education as suppressing creativity and individuality and failing to train independent thinking in its students. Chinese teachers and professors teach in a lecture style, not allowing much room or time for questions or discussion with the students. Students are expected to be deferential toward their teachers. Rote memorization, a core teaching method in Chinese schools, is the main culprit in their eyes. Yet, the world is paying more and more attention to how Chinese students learn mathematics as studies of mathematical achievement have shown that Chinese children, and those of other East Asian countries with strong Confucian traditions, consistently outperform their American counterparts in almost every area. This phenomenon is referred to as the "Paradox of Chinese learners."

How do the Chinese actually learn mathematics ? Professors Fan Lianghuo, Wong Ngai-ying, Cai Jinfa and Li Shiqi published a ground-breaking book in 2004 titled, “How do Chinese learn mathematics – Perspectives from Insiders.” They wrote :

“Marton, Dall’Alba, and Tse (1996) investigated the topic of rote learning and memorization, a Chinese style of learning that has received much criticism from the West as well as from Chinese educators themselves.” It turned out that the much criticised Chinese method of rote learning has not been properly understood. Rote learning is not an end in itself but rather a way of achieving deeper understanding.

In a study comparing British and Chinese students’ use of repeating and memorising, Dahlin and Watkins in “The role of repetition in the processes of memorizing and understanding: A comparison of the views of Western and Chinese secondary school students in Hong Kong”, British Journal of Educational Psychology, made these interesting findings:

“Whereas British students used repetition to check if they really remembered something, Chinese students used it to create “deep impressions” to lay a foundation for developing understanding. Moreover, British students viewed understanding as a process of sudden insight, but Chinese students believed understanding to be a long process that requires extensive mental effort.”

The Chinese students view the learning process differently from Western teachers:

“Generally they engage in four distinct steps to accomplish any learning task. Upon encountering new materials, Chinese students initially commit the material to memory; next they seek to understand the intention, style, and meaning of the material. They then try to apply their understanding to situations that call for use of such knowledge, and finally they enter a deeper level of questioning and modification of the original material.” (Source : How do Chinese learn mathematics – Perspectives from Insiders”)

Essentially, the Chinese students do not see memorisation as a barrier to conceptual understanding, and rote learning as used in the Chinese classroom “is not mere memorization, but a consolidation of knowledge and deepening of understanding.”

5 Learning Virtues

In Chapter 5 of the said book, Professor Li Jin honed in on the secrets of the Chinese learning process, what makes it different from the American learning process and why, despite the criticism of its methods, it has not only survived thousands of years but remains successful even today. She called them the 5 “learning virtues” and in explaining the Chinese 5 “learning virtues,” we have paraphrased Professor Li Jin (she was with Brown University at that time) as follows:

[1]. The first is the notion of resolve (*fen*, 奋, or *fa fen*, 发奋). This concept specifies the determination the learner makes to come to a course of action and the high degree to which he or she is prepared to follow through his or her commitment. Fen is believed necessary to ensure one’s clarification of desire and goal; the course of action one must take to realize one’s desire

and goal; and a way to hold oneself accountable for one’s own temptation to stray from the course of action, or simply to give up in the face of obstacles.

[2]. The second virtue is diligence (*qin*, 勤), which refers to frequent studying behaviour. The emphasis falls on much learning and much time spent on learning. If one is required to act in a manner that requires personal resolve, diligence is the immediate measure and manifestation of resolve. Therefore, resolve and diligence go hand in hand, thus the combined term in Chinese *qin fen*, 勤奋.

[3]. The third virtue is endurance of hardship (*ke ku*, 刻苦), which focuses on facing and overcoming difficulties and obstacles one is bound to encounter in learning. However, these obstacles are not reasons for not learning. Instead, one needs to develop the virtue of endurance of hardship, which is believed to enable the learner to face and combat these hardships.

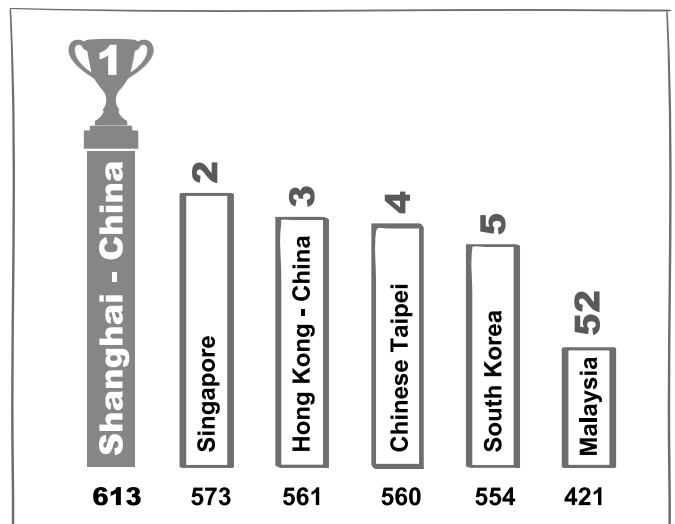
[4]. The fourth virtue is perseverance (*heng xin*, 恒心) that addresses a general attitude toward learning, a behavioral tendency in a person’s life course. Perseverance is believed to be important because there is no shortcut to learning. It is a virtue required to achieve any serious learning.

[5]. The final virtue is concentration (*zhuan xin*, 专心). However, concentration in Chinese is used more often to describe a general learning disposition, not necessarily linked to specific tasks. Concentration emphasizes studying with consistent focus and dedication without ever swerving from it.

The Program for International Student Assessment (PISA) is a worldwide study by OECD in 70 nations of 15-year-old students’ scholastic performance in mathematics, science and reading.

In the 2012 PISA study, Malaysia scored 421 for Mathematics and was ranked 52nd (figure 1). It is not surprising that the top 5 were all societies with strong Confucian values where mathematics education has a long tradition.

Figure 1: PISA Ranking for Mathematics in 2012

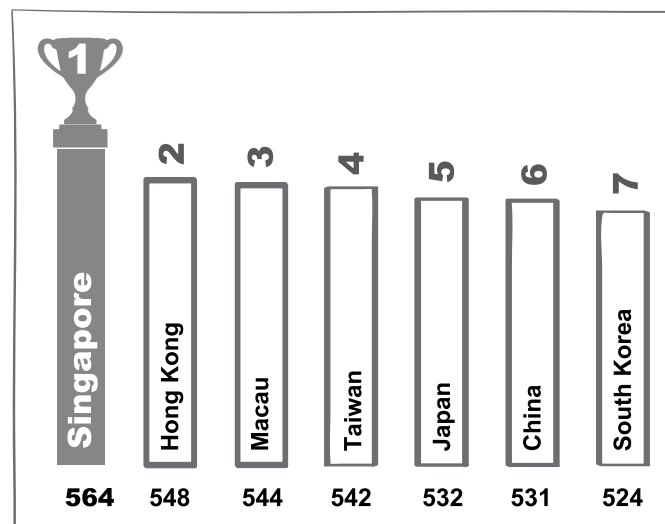


Source: Organization for Economic Cooperation and Development (OECD), 2015-2016

WHAT WE HAVE DONE WITH YOUR FUNDS

In the 2015 PISA study, the top 7 societies for Mathematics were again all societies with deep Confucian tradition (**Figure 2**). Malaysia was excluded by the OECD in the 2015 study. Tragic, indeed.

Figure 2: PISA Ranking for Mathematics in 2015



Source: Organization for Economic Cooperation and Development (OECD), 2015-2016

To reverse Malaysia's structural decline and to prepare her for the 21st century, think Mathematics. To be sure, it will be a long and very arduous journey. However, the alternative will be a journey past a point of no return and the consequences will be horrendous. Instead of trying to teach Mathematics (and Science) in English, it is more important for Malaysians, especially Malaysian politicians, to forget race-based politics and to inculcate the 5 "Learning Virtues" among Malaysian students of all races. As the experience of China, South Korea, Singapore and Japan has shown, the language of instruction is not as crucial as the attitudes of the students and teachers.

I quote from last year's annual report:

"Lin Yutang, the famous Chinese writer and philosopher said:

'Where there are too many policemen, there is no liberty. Where there are too many soldiers, there is no peace. Where there are too many lawyers, there is no justice.'

We would add on this: "When there are too many politicians, there is no future."

As we mentioned, our political leaders now tell us that workers from Vietnam and Indonesia are no longer interested in working in Malaysia as wages here are not too different from their home countries. This is a very serious state of affairs and it has occurred in less than a generation. With the 21st century promising to bring more disruptive technologies into the fray, Malaysia's political leaders must make the right choices now, even if they lead to short-term pain.

Value Investing

Charlie Munger said, *"More important than the will to win is the will to prepare."*

Charlie Munger, a well-known value investor, is a life-long admirer of Confucius and what he said echoes the sayings of Confucius.

*"In all things
success depends on
previous preparation,
and without such
previous preparation
there is sure to be
failure"*

– Confucius



I gave a talk on "The New Value Investing" on Saturday, 13th April 2019 as part of our 2018/2019 Global Investor Week. A summary of that interesting talk would be that we have now become an asset-light economy; we do not need many net tangible assets. Value investors have to adapt their style accordingly as companies trade at above traditional market valuations. Share price remains an important component of value. What are the drivers of value nowadays? What constitutes value in the 21st-century economy? What will drive the economy and businesses? Macro factors are now part of value creators and destroyers.

Tan Teng Boo

Designated Person
Capital Dynamics Asset Management Sdn Bhd
17 July 2019

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 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 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.

Dari sebelum penyenaiaannya pada 19 Oktober 2005, matlamat utamanya adalah untuk menggandakan nilai Dana anda. Ini dicapai dengan berpegang kepada falsafah pelaburan berasaskan nilai. Sebagai pelabur berasaskan nilai, pemilihan pelaburan dibuat berdasarkan kepada harga-harga pasaran dan nilai-nilai dasar pelaburan tersebut.

Dana anda tidak dibenarkan untuk membuat pinjaman kecuali mendapat kelulusan daripada pemilik saham.

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. Melabur dalam Dana 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 Bersih (NAB) dan bukan pada pendapatan atau pendapatan sesaham atau penyata pendapatannya.

SIAPAKAH YANG MENGURUS DANA ANDA

Ditubuhkan sebagai sebuah syarikat di bawah Akta Syarikat 1965, icapital.biz Bhd diwakili oleh Ahli Lembaga Pengarahnya. Ahli-ahli Lembaga Pengarah adalah bukan eksekutif dan memainkan peranan sebagai penyelia untuk memastikan bahawa Dana anda beroperasi mengikut cara yang telah ditetapkan pada setiap masa.

Dana anda tidak mempunyai pekerja. Operasinya dipertanggungjawabkan kepada pembekal perkhidmatan bebas. Pembekal perkhidmatan yang utama ialah Pengurus Dana, Penasihat Pelaburan, Penjaga Dana dan Pentadbir Dana.

Aset-aset Dana anda diuruskan oleh Pengurus Dana yang akan melantik Pengawai Lantikan Khas yang akan bertanggungjawab untuk menguruskan aset-aset tersebut, selaras dengan dasar dan objektif yang diluluskan. Segala aset dipegang dan dijaga oleh Penjaga Dana, sementara perkhidmatan perakaunan dan pengurusan pentadbiran dipertanggungjawabkan kepada Pentadbir Dana.

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

Terdapat perbezaan yang ketara di antara amanah saham dan dana tertutup. Untuk salinan laporan yang menerangkan perbezaan ini, sila hubungi Penasihat Perlaburan, Capital Dynamics Sdn Bhd atau layari laman web www.icapitaleducation.biz. Walaupun diperbadankan sebagai syarikat, terdapat beberapa perbezaan di antara syarikat tersenarai biasa dan dana tertutup yang tersenarai. Butiran lanjut boleh didapati di bahagian Penjelasan Nota laporan tahunan ini.

BAGAIMANA MENGHUBUNGI KAMI

Untuk maklumat lanjut mengenai Dana anda, sila layari www.icapital.my.

Setiausaha syarikat boleh dihubungi di talian (603) 7720 1188, nombor faks (603) 7720 1111 atau e-mel boardroom-kl@boardroomlimited.com.

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

Penasihat Pelaburan boleh dihubungi di talian (603) 2070 2104, nombor faks (603) 2070 2103 atau e-mel cddb@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 2019, Nilai Aset Bersih (NAB) Dana anda menurun kepada RM450.208 juta, dari RM498.695 juta dalam tahun kewangan sebelumnya. NAB Dana anda jatuh sebanyak 9.55% dari RM3.56 sesaham pada 31 Mei 2018 kepada RM3.22 sesaham pada 31 Mei 2019.

NAB Dana anda telah terjejas oleh ketidakpastian yang berlaku dalam ekonomi global dan penurunan mendadak dalam harga saham Padini menjelang akhir tahun 2018.

Meskipun NAB dan NAB sesaham jatuh dalam tahun kewangan 2019, dari segi pulangan yang dikira dari tarikh penubuhan Dana anda sehingga 17 Julai 2019 (tarikh akhir setakat penyediaan maklumat bagi laporan tahunan 2019) NAB Dana anda telah mencapai kadar pertumbuhan tahunan sebanyak 9.12% dibandingkan dengan 4.42% bagi KLCI. Sementara itu, kadar pulangan tahunan harga saham Dana anda telah melangkaui prestasi KLCI sebanyak 2.19% setahun dalam jangka waktu yang sama.

Dalam penilaian prestasi Dana anda, harus diingat bahawa pemboleh ubah yang wajar mendapat fokus utama adalah NABnya. Penyata pendapatan tidak mengandungi nilai bagi Dana anda. Walaubagaimanapun, bagi tahun kewangan yang berakhir pada 31 Mei 2019, Dana anda telah mencatatkan pendapatan sebanyak RM14.726 juta, yang menunjukkan penurunan sebanyak RM1.13 juta berbanding dengan jangka tempoh yang sama pada tahun lepas. Pendapatan yang lebih rendah adalah disebabkan oleh pengurangan pendapatan dividen. Sebagai makluman, angka-angka bagi tahun kewangan yang lepas telah dinyatakan semula berikutan perubahan dalam piawaian perakaunan.

Lembaga Pengarah anda dengan sukacitanya telah dimaklumkan bahawa Mahkamah Tinggi Kuala Lumpur telah memutuskan penghakiman berpihak kepada pihak Plaintiff bagi kes Saman Defamasi yang difailkan oleh Pengurus Dana, Penasihat Pelaburan dan Pengawai Lantikan Khas Dana anda (plaintif-plaintif) terhadap Editor Kanan dari The Edge. Beliau telah menulis dan menerbitkan artikel yang berupa fitnah dalam Digital Edge pada bulan September 2015. Keputusan Mahkamah Tinggi telah membebaskan Dana anda dan plaintiff-plaintif daripada kesemua tuduhan

yang tidak berasas ini. Lembaga Pengarah anda mengakui bahawa pihak plaintiff telah mengurus Dana anda dengan tekun dan menyampaikan pulangan melebihi purata secara konsisten sejak penyenaian Dana anda, berdasarkan objektif dan dasar pelaburan yang telah diluluskan.

Lembaga Pengarah anda juga menghargai usaha sukarela Capital Dynamics dalam menganjurkan Minggu Pelabur Global 2018/2019 dan juga Mesyuarat Agung Tahunan ("AGM"), acara-acara pelabur, pameran bergerak, dan lain-lain bagi pemilik-pemilik saham tanpa Dana anda perlu membayar perkhidmatan mereka.

Sebagai sebahagian daripada usaha berterusan Lembaga Pengarah anda dalam mengukuhkan komposisi Lembaga Pengarah, dengan sukacitanya mengalu-alukan Datin Siah Li Mei yang menyertai Lembaga Pengarah anda sebagai Pengarah Bebas Bukan Eksekutif berkuatuasa dari 11 Julai 2019. Lembaga Pengarah anda bersetuju bahawa Datin Siah yang mempunyai pengalaman selama hampir 30 tahun dalam undang-undang persaudaraan akan memberi kelebihan tambahan kepada Lembaga Pengarah anda.

Sehingga kini, Dana anda kekal sebagai satu-satunya dana tertutup yang tersenarai di Bursa Securities. Lembaga Pengarah, Pengurus Dana dan Penasihat Pelaburan anda sedar mengenai tujuan utama dalam melancarkan icapital.biz Berhad; iaitu untuk menyediakan peluang yang berpatutan bagi pelabur runcit untuk melabur untuk jangka masa panjang, berdasarkan prinsip-prinsip pelaburan yang teguh. Bagi pihak Lembaga Pengarah anda, saya menyeru para pemilik saham untuk menyertai AGM, kerana setiap pemilik saham, tanpa mengira jumlah saham yang dipegang, mempunyai hak untuk memutuskan masa depan Dana. Dalam konteks ini, Dana anda akan terus menyediakan e-penyERAHAN Borang Proksi yang dimulakan semenjak tahun lepas untuk pemilik saham individu. Lembaga Pengarah anda mengalu-alukan kehadiran semua pemilik saham ke AGM tahun ini.

Untuk makluman pemilik-pemilik saham yang baru, AGM Dana anda adalah satu hari peristiwa yang unik di mana para pemilik saham berpeluang untuk melibatkan diri dengan Tan Teng Boo, Pengawai Lantikan Khas, mengenai pelaburan Dana serta pandangan-pandangan berharga yang lain. Sesi itu akan terus menjadi pencetus pemikiran seperti pada tahun-tahun sebelumnya.

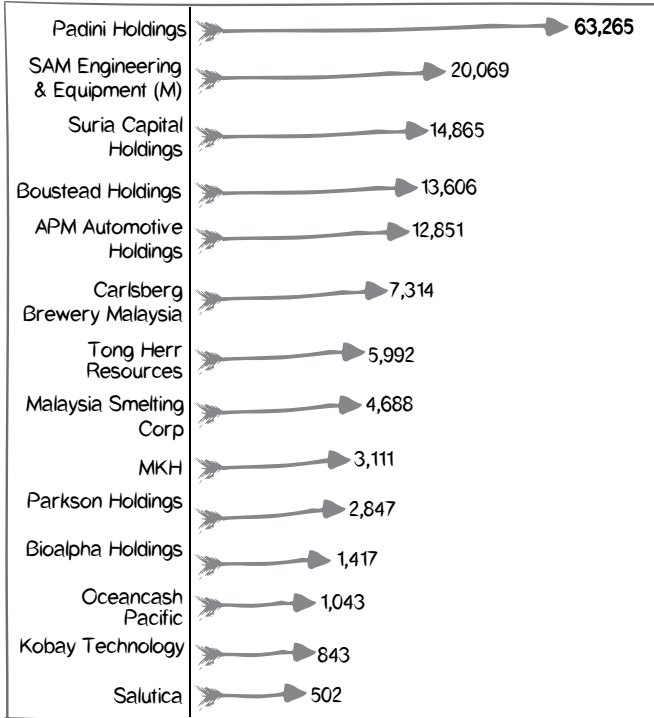
Datuk Ng Peng Hong @ Ng Peng Hay
Pengerusi
17 Julai 2019

B APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA

i. PORTFOLIO PELABURAN

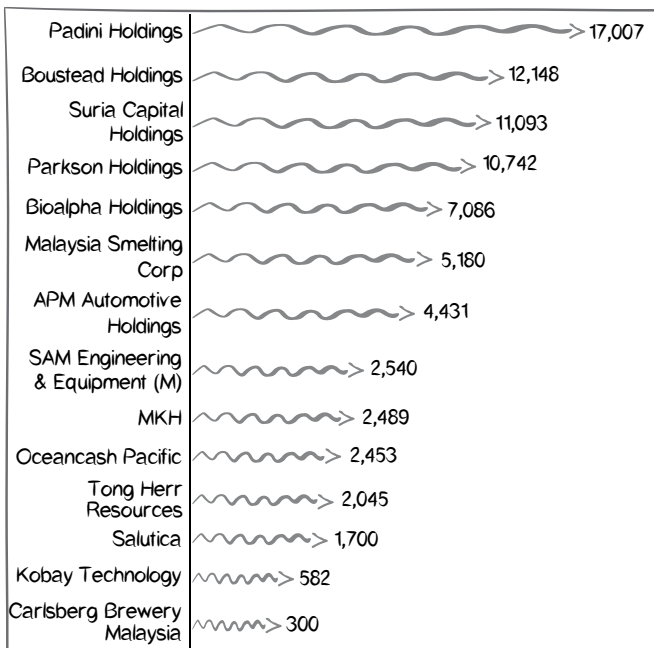
Kedudukan portfolio Dana anda berdasarkan nilai pasaran setiap saham, ditunjukkan dalam **Carta 1**.

Carta 1: Nilai Pasaran Pegangan setakat 31 Mei 2019 (RM '000)



Kedudukan portfolio Dana anda berdasarkan kuantiti pegangan ditunjukkan dalam **Carta 2** di bawah.

Carta 2 : Saiz Pegangan setakat 31 Mei 2019 ('000 saham)



PELABURAN *paling bijak adalah apabila ianya berupa perniagaan*

— Benjamin Graham

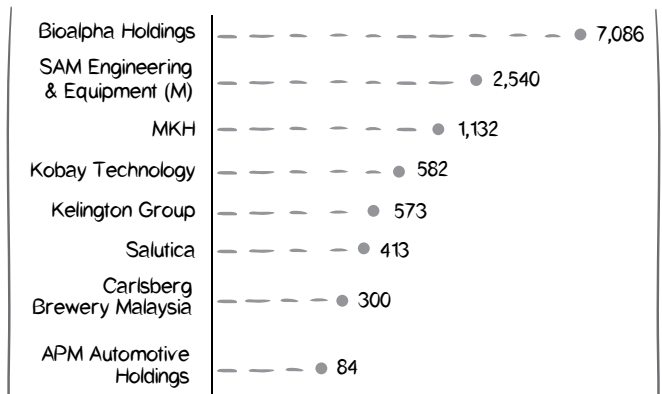
Bagi tahun kewangan berakhir 31 Mei 2019, Dana anda telah melabur sebanyak RM133.430 juta dengan nilai pasaran sebanyak RM152.412 juta, menghasilkan keuntungan belum direalisasi sebanyak RM18.982 juta. Daripada pelaburan Dana anda pada 31 Mei 2019, Carlsberg Brewery Malaysia Berhad, Padini Holdings Berhad, Sam Engineering & Equipment (M) Berhad, dan Tong Herr Resources Berhad mencatatkan keuntungan belum realisasi yang tinggi.

ii. PELABURAN-PELABURAN YANG TELAH DIBUAT

Bagi tahun kewangan berakhir 31 Mei 2019, Dana anda telah membuat pelaburan baru seperti yang ditunjukkan dalam **Carta 3**. Pelaburan-pelaburan tersebut adalah Bioalpha Holdings Berhad, Carlsberg Brewery Malaysia Berhad, Kobay Technology Berhad, dan SAM Engineering & Equipment (M) Berhad.

Bioalpha Holdings Berhad adalah syarikat suplemen kesihatan yang bersepadu. Carlsberg Brewery Malaysia Berhad terlibat dalam pengeluaran bir, stout, shandy dan minuman tidak beralkohol untuk pendedaran di pasaran domestik dan eksport. Kobay Technology Berhad adalah pengeluar utama komponen ketepatan, peralatan, peralatan automasi dan struktur yang direka. SAM Engineering & Equipment (M) Berhad adalah pemain utama dalam pemesinan ketepatan, integrasi peralatan dan penyelesaian automasi untuk industri aeroangkasa. Pada masa yang sama, kami telah membuat pelaburan tambahan bagi APM Automotive Holdings Berhad, MKH Berhad, dan Salutica Berhad (rujuk **Carta 3**).

CARTA 3 : Pelaburan yang telah dibuat dari 01 Jun 2018 ('000 saham)



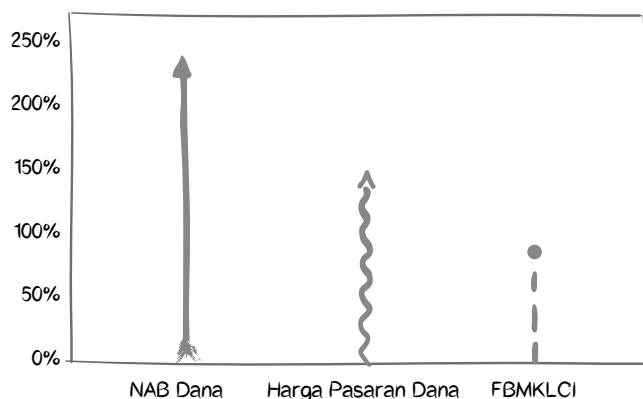
iii. PELABURAN-PELABURAN YANG TELAH DIJUAL

Bagi tahun kewangan berakhir 31 Mei 2019, Dana anda telah menjual 217,600 saham Fraser & Neave Holdings Berhad, 573,000 saham Kelington Group Berhad (573,000 saham dibeli dalam tahun kewangan yang sama), 2,454,000 saham Malaysia Smelting Corporation Berhad, 1,993,300 saham Padini Holdings Berhad, 2,853,000 saham Selangor Properties Berhad (Pengurangan Modal – Belian Semula), dan 168,900 saham Tong Herr Resources Berhad, menjana keuntungan sebanyak RM20.508 juta dengan kos sebanyak RM19.632 juta.

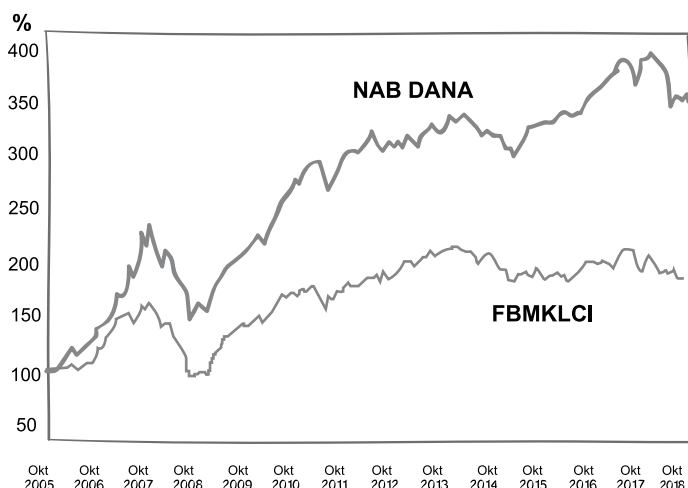
iv. PRESTASI : NAB & HARGA PASARAN

Semenjak dari penyenaiaannya pada 19 Oktober 2005, NAB sesaham Dana anda telah meningkat dari RM0.99 kepada RM3.22 pada 31 Mei 2019 – rujuk **Carta 4**. Ini mewakili keuntungan sebanyak 225%. Semenjak dari penyenaiaannya pada 19 Oktober 2005, harga pasaran Dana anda telah meningkat dari RM1.01 kepada RM2.42 pada 31 Mei 2019. Ini mewakili keuntungan sebanyak 140%. Dalam tempoh yang sama, FBMKLCI meningkat sebanyak 81%.

Carta 4: Keuntungan Dari 19 Okt 2005 Hingga 31 Mei 2019



Carta 5: Prestasi NAB Dana anda dibandingkan dengan FBMKLCI



Dari 31 Mei 2018 hingga 31 Mei 2019, NAB sesaham Dana anda menurun dari RM3.56 kepada RM3.22 (kerugian sebanyak 9.55%) dan harga pasaran menurun dari RM2.59 kepada RM2.42 (kerugian sebanyak 6.56%). Dalam tempoh yang sama, FBMKLCI mengalami kerugian sejumlah 5.16%.

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

Jadual 1: Pulangan Terkumpul (%) dari 19/10/2005 Hingga 31/12/

Tahun	NAB	Harga	KLCI	Tunai *
2005	0.00	8.00	-1.57	62.39
2006	38.38	46.00	19.92	33.79
2007	125.25	162.00	58.07	15.58
2008	58.59	39.00	-4.09	32.97
2009	101.01	74.00	39.23	10.51
2010	157.58	109.00	66.15	29.87
2011	175.76	105.00	67.44	34.92
2012	195.96	137.00	84.75	34.34
2013	211.48	147.37	104.22	50.73
2014	203.21	140.16	92.66	63.16
2015	211.48	137.06	85.14	61.76
2016	222.87	155.62	79.59	68.59
2017	268.40	192.72	96.55	54.61
2018	229.08	154.59	84.93	68.52
2019*	233.22	149.43	80.75	65.78

Jadual 2: Pulangan Tahunan (%) dari 19/10/2005 Hingga 31/12/

Tahun	NAB	Harga	KLCI
2005	0.00	46.93	-7.62
2006	31.09	37.08	16.34
2007	44.65	54.93	23.14
2008	15.49	10.83	-1.30
2009	18.07	14.09	8.19
2010	19.94	15.22	10.25
2011	17.77	12.27	8.67
2012	16.25	12.72	8.89
2013	14.85	11.67	9.09
2014	12.81	9.98	7.38
2015	11.78	8.83	6.22
2016	11.02	8.73	5.36
2017	11.27	9.20	5.69
2018	9.44	7.33	4.76
2019*	9.24	6.94	4.43

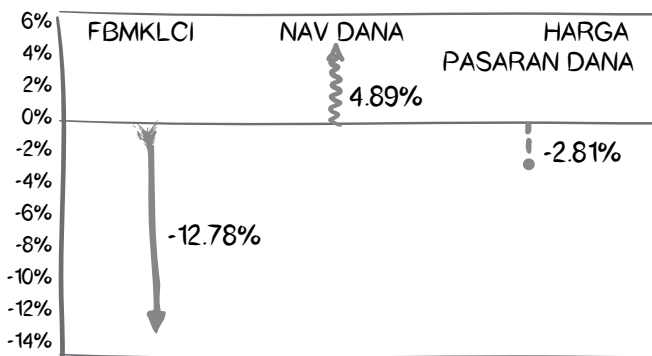
Nota*: Tunai merujuk kepada tahap tunai Dana anda dan 2019 merujuk kepada 31 Mei 2019.

Jadual di atas menunjukkan dengan jelas, tahap tunai Dana anda yang berkisar antara terendah 10.51% hingga tertinggi 68.59%.

Pada 17 Julai 2019, Dana anda mempunyai lebih daripada RM296.84 juta dalam bentuk tunai dan setara tunai (atau RM2.12 setiap saham), dibandingkan dengan RM285.48 juta (atau RM 2.04 setiap saham) pada 21 Ogos 2018. Walaupun pelaburan disalurkan dalam empat syarikat yang baru, aras tunai bagi Dana anda ditingkatkan dengan ketara oleh penswastaaan Selangor Properties Berhad.

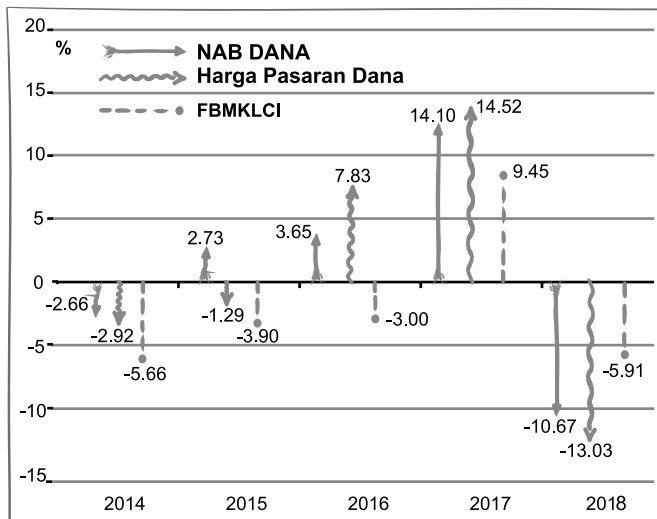
Carta 6 menunjukkan prestasi FBMKLCI dari puncak pada 8 Julai 2014 sehingga 31 Mei 2019, dan NAB dan harga saham icapital.biz Berhad dalam jangka yang sama. Walaupun FBMKLCI mengalami kerugian sebanyak 12.78%, tahap NAB Dana anda meningkat sebanyak 4.89% dan diikuti dengan penurunan harga sebanyak 2.81%.

Carta 6 : Perubahan peratus dari 8 Julai 2014 hingga 31 Mei 2019.



Dana anda telah mengalahkan prestasi FBMKLCI selama empat tahun berturut-turut kecuali pada tahun 2018. Pencapaian kedua-dua tahap NAB and harga saham Dana anda lebih baik daripada FBMKLCI pada tahun 2014, 2015, 2016 dan 2017, seperti yang ditunjukkan dalam **Carta 7**. Pada tahun 2018, pencapaian NAB Dana anda terjejas oleh kejatuhan merudum harga saham Padini pada Disember 2018. Sehingga November 2018, prestasi Dana anda masih mendahului KLCI.

Chart 7: Pulangan tahunan untuk NAB Dana dan Harga Pasaran Lwn FBMKLCI dari 31 Dis 2014 hingga 31 Dis 2018.



v. APA PENDAPAT KAMI

Pandangan Malaysia

Sungguhpun sumber rasmi tidak mengistilahkan ia sebegini, adalah diketahui ramai bahawa Malaysia telah terperangkap dalam Perangkap Pendapatan Pertengahan untuk masa yang panjang. Pertama, untuk menjelaskan perangkap struktural yang terkenal ini, saya petik yang berikut dari iCapital bertarikh 29 November 2018:-

“Apakah Perangkap Pendapatan Pertengahan?”

Perangkap pendapatan pertengahan adalah suatu situasi di mana pertumbuhan ekonomi sesebuah negara menjadi perlahan selepas mencapai tahap pendapatan pertengahan. Peralihan ke tahap pendapatan tinggi menjadi tidak tercapai dan negara kekal terperangkap dan akhirnya menurun. Ekonomi dunia dipenuhi dengan banyak kegagalan sebegini. Argentina, Brazil, Mexico dan Turki adalah antara contoh-contohnya. Menurut Bank Dunia, hanya 13 daripada 101 ekonomi pendapatan pertengahan pada 1960 telah berjaya mengatasi perangkap perosak ini untuk menjadi ekonomi-ekonomi pendapatan tinggi menjelang 2008. Di Asia, ini termasuklah Jepun, Korea Selatan dan Singapura tetapi tidak Malaysia.

Malaysia pada tahun-tahun kebelakangan ini telah mencapai peringkat yang sangat kritikal dalam pertumbuhan dan perkembangan ekonominya. Peringkat kritikal ini merujuk pada perangkap pendapatan pertengahan terkenal tersebut. Hasil empirikal mencadangkan bahawa kadar pertumbuhan per kapita GDP sesebuah negara biasanya menjadi perlahan secara besar pada pendapatan antara US\$10,000 dan US\$15,000. GDP per kapita Malaysia pada 2017 adalah US\$9,755, meletakkan ia pada peringkat perangkap pendapatan pertengahan yang bahaya.

Pemerlahan pertumbuhan berlaku disebabkan faktor-faktor yang menjana pertumbuhan tinggi semasa fasa permulaan pada pertumbuhan dan perkembangan yang pesat hilang. Perangkap pendapatan pertengahan adalah suatu situasi yang menakutkan kerana ia menunjukkan sebuah negara yang tidak mampu menyaingi ekonomi-ekonomi maju yang mempunyai inovasi yang tinggi and aktiviti-aktiviti tambah nilai tatkala tidak mampu bersaing dengan ekonomi-ekonomi kurang maju yang menawarkan buruh yang lebih murah. Negara-negara berpendapatan pertengahan tersepit di antara pesaing-pesaing dari negara miskin berpendapatan rendah yang mendominasi dalam industri-industri matang dan negara kaya penginovasi yang mendominasi industri –industri yang mengalami pertukaran teknologi secara pesat. Malaysia tersepit di antara Indonesia, Vietnam, dll di hujung bawah manakalaJepun, Korea Selatan, United States, dll di hujung tingginya. Kerap kali, perangkap

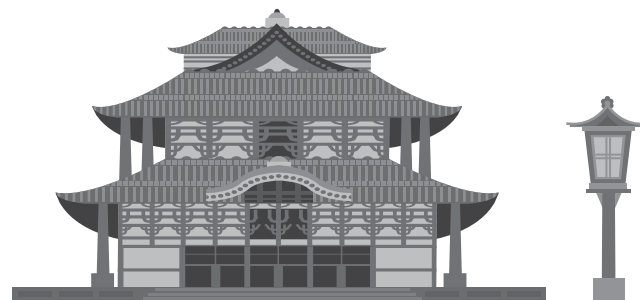
ekonomi dirumitkan oleh pelbagai faktor-faktor politik dan pembangunan seperti kegagalan demokrasi dan penularan rasuah. Semua ini telah mula bertumbuh di Malaysia dalam 90-an.”

Sumber : <https://www.icapital.biz/newsletter/sections/Kuala-Lumpur/22>

Saya telah membahaskan dalam banyak penulisan saya bahawa melainkan jika ekonomi Malaysia segera berubah dan bergerak mengatasi perangkap ini secara efektif, kita sedang melihat kepegungan ekonomi dan juga mungkin penurunan. Apa yang saya takuti selama bertahun-tahun kini telah terjadi lebih cepat dari apa yang saya jangkakan. Kini, Menteri Sumber Manusia Malaysia telah mengesahkan penurunan Malaysia. Malaysia telah ketinggalan di belakang jiran-jiran ASEANnya yang menyebabkan Menteri Sumber Manusia terpaksa mengaku bahawa pekerja-pekerja dari Vietnam dan Indonesia tidak lagi berminat untuk bekerja di Malaysia memandangkan gaji tidak jauh beza daripada negara-negara asal mereka. Ini adalah sesuatu yang mengejutkan. Vietnam mempunyai 97 juta orang dan Indonesia mempunyai 270 juta berbanding 32 juta di Malaysia. Para pekerja di negara berlembah buruh tidak berminat untuk bekerja di sesebuah negara yang kekurangan buruh dan memikirkan bahawa Malaysia masih menasarkannya untuk menjadi negara berpendapatan tinggi dalam masa beberapa tahun. Kita sedang mengalami penurunan struktural. Apakah yang telah berlaku?

Penurunan Struktural

Kementerian Pendidikan di mana-mana negara adalah kementerian yang paling penting. Dengan logik ini, Menteri Pendidikan memegang portfolio Kabinet yang terpenting di mana-mana negara. Kualiti atau kekurangannya akan menentukan kejayaan atau kegagalan pertumbuhan dan pembangunan sebuah negara dalam jangka masa panjang. Ini adalah apa yang telah berlaku pada Malaysia. Masalah ekonomi Malaysia pada masa kini adalah disebabkan oleh polisi pendidikan berkualiti rendah yang Malaysia punyai sejak awal tujuh puluhan. Adalah tidak mudah untuk menyatakannya dengan tepat tentang bila kerosakan tersebut bermula tetapi adalah selamat untuk dikatakan bahawa sistem pendidikan Malaysia mula menuju keruntuhan apabila Tunku Abdul Rahman digulingkan pada 1970. Medium arahan di semua sekolah rendah dan menengah adalah dalam Bahasa Melayu sejak 1970 dan perubahan ini dilaksanakan secara berperingkat. Di Semenanjung Malaysia dan Sabah, Bahasa Inggeris diberhentikan dari menjadi medium arahan di peringkat rendah pada 1975, di peringkat menengah pada 1982 dan di tahap pendidikan tinggi pada 1983. Di Sarawak, penukaran medium arahan tersebut telah dilaksanakan pada 1977 bermula dengan Tahun Satu. Pada 1980, peperiksaan Sijil Pelajaran Malaysia telah dijalankan dalam Bahasa Melayu. Pada 1970, Bahasa Inggeris berhenti menjadi



Ajaran Confucius Dalam Pendidikan

“Dalam ajaran Confucius, lelaki berwibawa memberi panduan kepada pelajar-pelajarnya tetapi tidak terus menarik mereka bersama; beliau menggesa para pelajar untuk terus maju dan tidak menekan mereka; beliau membuka jalan, tetapi tidak membawa mereka ke tempat itu. Panduan tanpa terus menarik menjadikan proses pembelajaran lembut; menggesa tanpa menekan menjadikan proses pembelajaran mudah; dan membuka jalan tanpa memimpin para pelajar ke tempat itu membolehkan para pelajar-pelajar berfikir untuk diri mereka sendiri. Sekarang, sekiranya proses pembelajaran dilakukan dengan lembut dan mudah dan pelajar digalakkan untuk berfikir untuk diri mereka sendiri, kita boleh memanggil lelaki itu guru yang baik.”

“Hanya melalui pendidikan seseorang tidak berpuas hati dengan pengetahuannya sendiri, dan hanya dengan mengajar yang lain, seseorang menyedari ketidakcekapan pengetahuannya. Tidak berpuashati dengan pengetahuan sendiri, seseorang kemudiannya menyedari bahawa masalah sebenarnya terletak pada dirinya sendiri dan menyedari ketidakcekapan pengetahuannya, maka ia terangsang untuk memperbaiki dirinya. Oleh itu dapat dilihat, “Proses Pengajaran dan pembelajaran merangsang antara satu sama lain.”

Sumber : <https://www.nap.edu/read/12874/chapter/2#4>

medium arahan untuk guru pelatih di peringkat rendah.

Matematik

Bolehkah sesuatu dilakukan untuk Malaysia? Seandainya saya diberi hanya satu patah perkataan untuk menjawab soalan yang sukar ini, ia adalah Matematik.

Ekonomi global sedang mengalami kadar gangguan yang belum pernah terjadi sebelum ini. Teknologi-teknologi baharu dan konvergensi teknologi trend berterusan ini. Pada abad ke-21 dan seterusnya, kemahiran matematik akan menjadi lebih kritikal untuk pertumbuhan dan pembangunan sesebuah negara. Mengapa? Teknologi moden adalah berdasarkan matematik. Sama ada ianya diaplikasikan dalam teknologi 5G, kecerdasan buatan, robotik, pengkomputeran kuantum, pemanduan autonomi, pengembaraan angkasa lepas dan banyak lagi, kemahiran matematik, terutamanya kemahiran matematik lanjutan, akan menjadi penentu utama kemajuan atau kemunduran

sebuah negara. Tanpa pendidikan matematik yang kukuh, Malaysia akan terlepas Revolusi Industri Ke-4.

Dalam hal ini, Malaysia boleh banyak belajar daripada China, sebuah negara yang memiliki sistem pendidikan tertua dunia dan tradisi matematik yang mendalam dan teliti yang menekankan prestasi dan kesempurnaan. Matematik di China telah muncul secara bebas pada abad ke-11 SM. Selari dengan penekanan pada pendidikan secara umum, terdapat juga penekanan pada subjek-subjek khusus. Matematik adalah salah satu daripadanya. Matematik adalah satu daripada Liù Yi (六艺) atau Six Arts yang harus dikuasai oleh para pelajar semasa Dinasti Zhou (1122 – 256 SM). Mempelajari kesemuanya dengan sempurna adalah kriteria untuk menjadi seorang budiman yang sempurna. Six Arts adalah berteraskan falsafah Confucian. Dari abad keenam, matematik diajar sebagai sebahagian daripada kursus untuk peperiksaan perkhidmatan awam. Li Chunfeng (602 – 670 M) telah dilantik sebagai ketua editor untuk satu koleksi risalah matematik bagi kegunaan kursus tersebut. Penekanan awal pada matematik telah memberi manfaat buat China pada masa lalu dan pasti akan mendorong China dalam abad ke-21.

Pembelajaran Cina

Walaupun pelajar-pelajar Cina, dan pelajar-pelajar dari negara-negara Asia Timur yang mengamalkan tradisi Confucian yang mendalam, telah menonjol dalam matematik sejak beberapa dekad yang lalu, ramai yang mengkritik cara orang-orang Cina mengajar dan cara mereka mempelajari matematik. Umum mengetahui bahawa pelajar-pelajar Cina pasif dalam pembelajaran matematik, dan pengalaman mereka terhad kepada penghafalan, peniruan, penggerudian, dan pengambilan ujian. Mereka mengkritik gaya pendidikan Cina sebagai menindas kreativiti dan keperibadian serta gagal melatih pemikiran bebas para pelajarnya. Guru-guru dan profesor-profesor Cina mengajar dalam gaya kuliah, tidak banyak ruang atau masa dibenarkan bagi soalan atau perbincangan dengan para pelajar. Pelajar-pelajar dijangka menentang guru mereka. Menghafal Rote, kaedah pengajaran teras di sekolah Cina, adalah penyebab utama di mata mereka. Namun, dunia memberi lebih banyak perhatian kepada bagaimana pelajar-pelajar Cina mempelajari matematik sebagai kajian pencapaian matematik telah menunjukkan bahawa anak-anak Cina, dan negara-negara Asia Timur yang lain dengan tradisi Confucian yang kuat, secara konsisten mengungguli rakan-rakan Amerika mereka di hampir setiap kawasan. Fenomena ini dirujuk sebagai “Paradoks pelajar Cina.”

Bagaimanakah masyarakat Cina sebenarnya belajar matematik? Profesor Fan Lianghuo, Wong Ngai-ying, Cai Jinfa dan Li Shiqi menerbitkan sebuah buku pecah rekod pada tahun 2004 yang bertajuk, “How do Chinese learn mathematics – Perspectives from

Insiders.” Mereka menulis:

“Marton, Dall’Alba, dan Tse (1996) menyiasat topik pembelajaran dan hafalan, gaya pembelajaran Cina yang mendapat banyak kritikan dari Barat dan juga dari pendidik Cina sendiri.” Ternyata banyak yang dikritik. Kaedah pembelajaran hipokrit Cina tidak difahami dengan betul. Pelajaran yang tidak berhenti setakat itu dengan sendirinya tetapi ia merupakan satu cara untuk mencapai pemahaman yang lebih mendalam.

Dalam kajian membandingkan pelajar British dan Cina dalam mengulangi dan menghafal, Dahlin dan Watkins dalam “Peranan pengulangan dalam proses menghafal dan memahami: Perbandingan pandangan pelajar sekolah menengah Barat dan Cina di Hong Kong”, British Journal of Educational Psychology, membuat penemuan menarik ini:

“Sedangkan pelajar-pelajar British menggunakan pengulangan untuk memeriksa apakah mereka benar-benar mengingati sesuatu, pelajar Cina menggunakannya untuk membuat “jejak yang mendalam” dengan meletakkan asas untuk mendalami pemahaman. Selain itu, pelajar-pelajar British melihat pemahaman sebagai proses wawasan mengejut, tetapi pelajar Cina percaya pemahaman adalah proses yang panjang yang memerlukan usaha mental yang kuat.”

Pelajar Cina melihat proses pembelajaran secara berbeza dari guru-guru Barat:

“Secara amnya mereka terlibat dalam empat langkah yang berbeza untuk menyelesaikan tugas pembelajaran. Apabila menghadapi situasi-situasi baru, pelajar Cina pada mulanya akan menghafal perkara tersebut dalam ingatan; Seterusnya mereka berusaha memahami maksud, gaya, dan makna perkara itu. Mereka kemudian cuba menerapkan pemahaman mereka kepada situasi-situasi yang memerlukan pengetahuan seperti ini, dan akhirnya mereka memasuki tahap yang lebih tinggi untuk mempersoalkan dan mengubahsuai perkara asalnya.”

(Sumber: How do Chinese learn mathematics – Perspectives from Insiders “)

Pada asasnya, pelajar Cina tidak melihat pengertian sebagai penghalang kepada pemahaman konseptual dan pembelajaran huru-hara seperti yang digunakan dalam bilik darjah Cina “bukanlah hafalan semata-mata, tetapi penyatuan pengetahuan dan pendalaman pemahaman.”

5 KEBAIKAN PEMBELAJARAN

Dalam Bab 5 dari buku tersebut, Profesor Li Jin memberitahu rahsia proses pembelajaran Cina apa yang membuatnya berbeza dengan proses pembelajaran Amerika dan mengapa, walaupun kritikan terhadap kaedahnya, ia bukan sahaja bertahan beribu-ribu tahun dan tetap berjaya walaupun hari ini. Beliau

APA YANG TELAH KAMI LAKUKAN DENGAN DANA ANDA

menggelar ia sebagai 5 “kebaikan pembelajaran” dan dalam menerangkan 5 “kebaikan pembelajaran” Cina, kami telah menjelaskan secara terperinci berikut daripada profesor Profesor Li Jin (beliau pada masa itu bersama Brown University) seperti berikut:

[1]. Yang pertama adalah tanggapan tentang penyelesaian (fen, 奋, atau fa fen, 发奋). Konsep ini menentukan keazaman yang dilakukan oleh pelajar untuk mencapai suatu tindakan dan tahap tinggi kesediaan pelajar untuk mengikuti komitmennya. Fen dipercayai perlu bagi memastikan seseorang jelas dengan keinginannya; jalan tindakan yang mesti diambil untuk merealisasikan keinginan dan tujuan seseorang; dan cara untuk mempertanggungjawabkan diri dari godaan sendiri supaya tidak menyimpang dari tindakan, atau hanya untuk menyerah dalam menghadapi halangan.

[2]. Kebaikan kedua adalah ketekunan (qin, 勤), yang merujuk kepada kekerapan tingkah laku pembelajaran. Penekanan tertumpu kepada berapa banyak pembelajaran dan masa yang digunakan untuk pembelajaran. Sekiranya seseorang dikehendaki bertindak dengan cara yang memerlukan penyelesaian peribadi, ketekunan adalah langkah segera dalam manifestasi penyelesaian. Oleh itu, tekad dan ketekunan bergerak seiring, inilah istilah gabungan dalam qin fen Cina, 勤奋.

[3]. Kebaikan ketiga adalah ketahanan dalam menghadapi kesusahan (ke ku, 刻苦), yang menumpukan pada menghadapi dan mengatasi kesulitan dan halangan yang mesti dihadapi dalam pembelajaran. Walau bagaimanapun, halangan ini bukanlah penyebab untuk tidak belajar. Sebaliknya, seseorang itu perlu membangunkan daya tahan kesusahan, yang dipercayai membolehkan pelajar menghadapi dan mengatasi kesulitan ini.

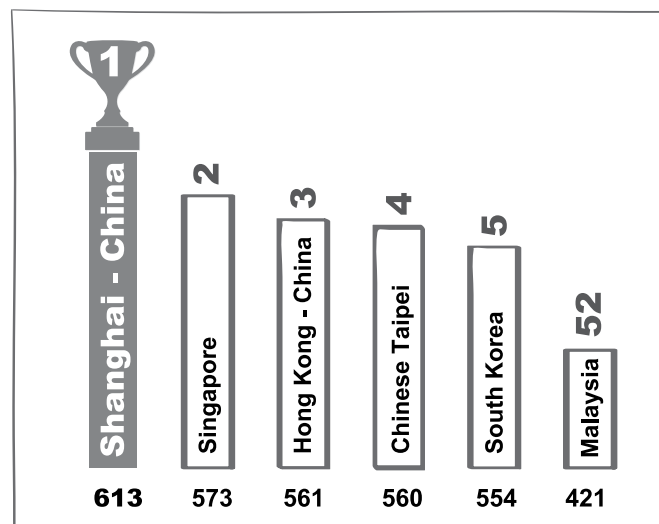
[4]. Keutamaan keempat adalah ketekunan (heng xin, 恒心) yang membahas sikap umum terhadap kecenderungan belajar dan tingkah laku dalam kehidupan seseorang. Ketabahan dipercayai penting kerana tidak ada cara pintas untuk belajar. Ia adalah kebaikan yang diperlukan untuk mencapai sebarang pembelajaran secara serius.

[5]. Kebaikan terakhir adalah tumpuan (zhuan xin, 专心). Walau bagaimanapun, tumpuan dalam bahasa Cina digunakan lebih kerap untuk menggambarkan penghapusan pembelajaran umum, tidak semestinya dikaitkan dengan tugas tertentu. Konsentrasi menekankan pembelajaran dengan tumpuan dan dedikasi yang konsisten tanpa terkeluar daripadanya.

The Program for International Student Assessment (PISA) merupakan kajian yang dilakukan oleh OECD kepada 70 buah negara seluruh dunia terhadap prestasi matematik, sains dan bacaan pelajar berusia 15 tahun.

Dalam kajian PISA 2012, Malaysia mendapat skor 421 untuk Matematik dan berada di kedudukan ke-52 (**Rajah 1**). Tidak menghairankan bahawa 5 negara teratas merupakan masyarakat yang mengamalkan nilai Confucian yang kukuh di mana pendidikan matematik merupakan tradisi yang berpanjangan.

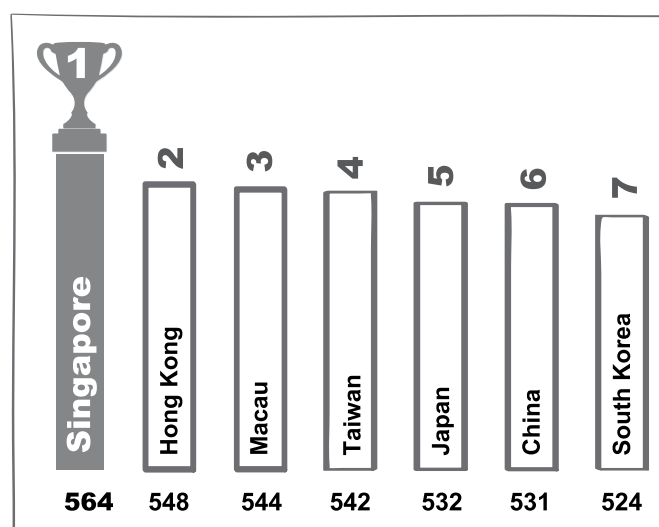
Rajah 1: PISA Ranking for Mathematics in 2012



Sumber: Organization for Economic Cooperation and Development (OECD), 2015-2016

Dalam kajian PISA 2015, 7 tempat teratas untuk Matematik sekali lagi adalah dari semua masyarakat dengan amalan tradisi Confucian yang mendalam (**Rajah 2**). Malaysia telah dikecualikan oleh OECD dalam kajian tahun 2015. Sememangnya, tragik.

Rajah 2: PISA Ranking for Mathematics in 2015



Sumber: Organization for Economic Cooperation and Development (OECD), 2015-2016

Bagi memutar penurunan struktur Malaysia dan menyediakannya untuk abad ke 21, fikir Matematik. Pasti, ia akan menjadi perjalanan yang panjang dan sangat sukar. Walau bagaimanapun, alternatif itu akan menjadi satu perjalanan melepasi titik yang tidak ada patah balik dan akibatnya akan mengerikan. Daripada berusaha untuk mengajar Matematik (dan Sains) dalam Bahasa Inggeris, lebih penting bagi rakyat Malaysia, terutama ahli politik Malaysia, untuk melepaskan diri daripada politik berasaskan kaum dan memupuk 5 “Kebijaksanaan Pembelajaran” yang profesor Li Jin lontarkan dalam penulisannya tentang kalangan pelajar Malaysia daripada semua kaum. Seperti pengalaman China, Korea Selatan, Singapura dan Jepun telah menunjukkan, bahasa pengajaran tidak sebegitu penting dibandingkan dengan sikap pelajar dan guru.

Saya memetik dari laporan tahunan tahun lepas:

“Lin Yutang, penulis terkenal China dan ahli falsafah berkata:

‘Di mana ada terlalu banyak anggota polis, di situ tiada kebebasan. Di mana terdapat terlalu banyak askar, di situ tiada kedamaian. Di mana terdapat terlalu banyak peguam, di situ tiada keadilan. ‘

Kami ingin menambah ini: “Apabila terlalu banyak ahli politik, di situ tiada masa depan.”

Seperti yang telah kita sebutkan, politik kita sekarang memberitahu bahawa pekerja dari Vietnam dan Indonesia tidak lagi berminat bekerja di Malaysia kerana upah tidak terlalu berbeza dari negara asal mereka. Ini adalah keadaan yang sangat serius dan ia telah berlaku dalam masa kurang dari satu generasi. Dalam menjanjikan abad ke-21 membawa lebih banyak teknologi yang mengganggu ke dalam pergaduhan, para pemimpin politik Malaysia perlu membuat pilihan yang tepat sekarang, walaupun ianya mengarah kepada kesakitan jangka pendek.

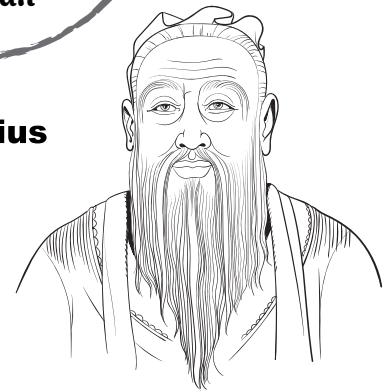
Nilai Pelaburan

Charlie Munger berkata, “Sesuatu yang lebih penting daripada kehendak untuk menang adalah kehendak untuk menyediakan.”

Charlie Munger, seorang pelabur nilai yang terkenal, merupakan penyokong Confucius sepanjang hayat dan apa yang dikatakannya diambil dari kata-kata Confucius.

“Dalam semua perkara kejayaan bergantung kepada persediaan sebelumnya, dan tanpa persediaan awal pastinya akan menjadi kegagalan”

- Confucius



Saya memberi ceramah mengenai “The New Value Investing” pada hari Sabtu, 13 April 2019 dalam sebahagian daripada Minggu Pelabur Global 2018/2019 kami. Ringkasan perbualan yang menarik ini ialah bahawa kita sekarang telah menjadi cahaya-aset ekonomi; kita tidak memerlukan banyak aset ketara bersih. Nilai pelabur perlu disesuaikan dengan gaya mereka dengan sewajarnya sebagai syarikat perdagangan ke atas penilaian pasaran tradisional. Harga saham kekal sebagai komponen nilai penting. Apakah pemacu nilai sekarang ini? Apa yang akan menjadi nilai dalam ekonomi abad ke-21? Apa yang akan mendorong ekonomi dan perniagaan? Faktor makro kini menjadi sebahagian daripada pencipta dan penghancur nilai.

Tan Teng Boo

Pengarah Urusan

Capital Dynamics Asset Management Sdn Bhd

17 Julai 2019

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我们的表现

我们将在此部分评估资本投资有限公司的表现。

A 致股东的信函

截至2019年5月31日止财政年度，您基金的资产净值从上个财政年度的RM4亿9千869万5千下降至RM4亿5千零20万8千。截至2019年5月31日，您基金的资产净值从2018年5月31日的每股RM3.56下跌了9.55%至每股RM3.22。

您基金的资产净值受到全球经济不确定因素以及巴迪尼控股股价于2018年底暴跌的影响。

尽管2019财年的资产净值和每股资产净值有所下跌，从一开始至今（2019年度报告的截稿日 - 2019年7月17日）的年化回报而言，您基金的净资产净值已取得9.12%的回报率，而隆综指的回报率则为4.42%。与此同时，您基金股价的年化回报率比同期的隆综指高2.19%。

正如我们一直强调的那样，就评估基金表现而言，资产净值是最合适的参考变数，其损益表没有评估价值。此外，您基金的主要投资目标是长期资本增值。尽管如此，截至2019年5月31日的财年，您的基金的总营业额为RM1千472万6千，比去年同期下降了RM113万。营业额减少是由于股息收入减少。值得注意的是，由于会计准则的变化，上一财政年度的数字已有所调整。

您的基金经理、投资顾问和指定人（原告）对The Edge高级记者的诽谤诉讼已被吉隆坡高庭判为胜诉，为此您的董事会特感欣慰。她于2015年9月在Digital Edge撰写并发表了一篇诽谤性文章。高等法院的判决证明了这一切对您的基金和原告的控告均不属实。您的董事会知道原告一直致力维护所有股东的最佳利益为管理基金的准则，并且从上市至今一直根据获批准的投资目标和政策提供高于平均水平的回报。

您的董事会还对资威在举办2018/2019年全球投资者周以及所有过去的股东大会、投资者活动、

巡回演讲等方面的自愿努力表示赞赏。这些活动都是在您的基金无须付费的情况下举办的。

董事会一直都在努力加强董事会阵容；今年，董事会热烈欢迎拿汀Siah Li Mei从2019年7月11日起担任独立非执行董事。董事会认为，拿汀Siah在法律界的近30年经验将使您的董事会获益良多。

迄今为止，您的基金仍然是大马证券交易所上市的唯一封闭式基金。您的董事会、基金经理和投资顾问都秉持资本投资有限公司的主要目的；也就是说，基于良好的投资原则，为散户投资者提供长期投资的可负担途径。我代表您的董事会，呼吁股东们踊跃出席常年股东大会，因为每个股东，无论持有的股份数量多少，都有权决定基金的未来。和去年一样，个人股东可以通过电子提交线上网站以在网上提交代理表格。您的董事会热烈欢迎所有股东参加今年的常年股东大会。

为了新股东的利益，您的基金的常年股东大会是一个独特的全天性活动。股东有机会与指定人陈鼎武就基金投资和其他有价值的见解方面有更密切的交流。我们保证，此次大会将像往年一样发人深省。

拿督黄炳火

董事会主席

2019年7月17日

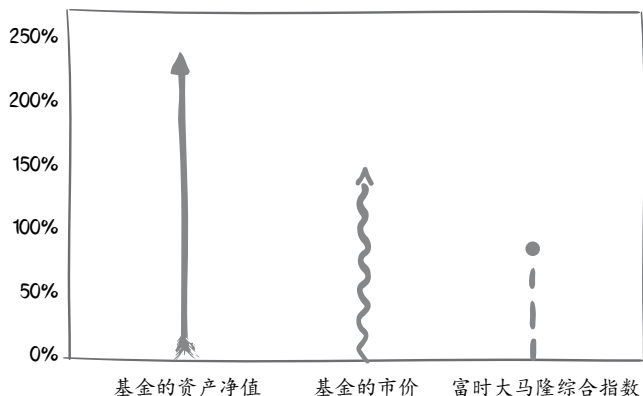
iii. 已卖出的股項

截至2019年5月31日，您的基金卖出了217,600支花莎尼控股的股票、573,000支科艺集团的股票（上个财政年度购入573,000支股）、2,454,000支马熔锡机构的股票、1,993,300支巴迪尼控股的股票、2,853,000支雪兰莪实业的股票（减资-回购）和168,900支东和资源的股票，获得了RM2千零50万8千，成本为RM1千963万2千。

iv. 表现：资产净值及股价

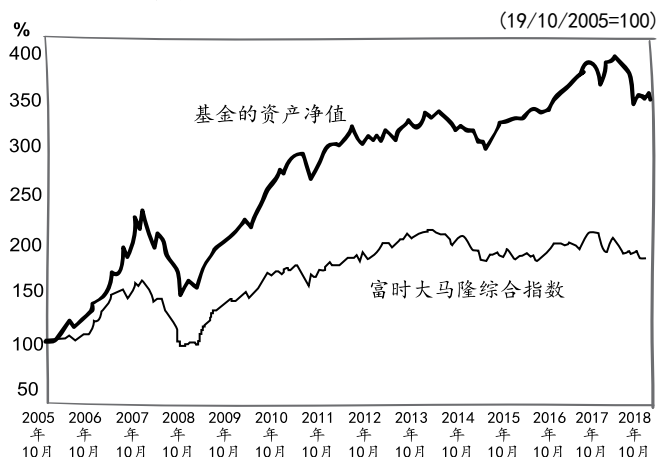
自资本投资有限公司于2005年10月19日上市以来，您基金的每股资产净值已从RM0.99增长至2019年5月31日的RM3.22 - 参阅图四。这代表了225%的增长。自其于2005年10月19日上市以来，您基金的市价已从RM1.01上升至2019年5月31日的RM2.42，即140%的增长。在同期内，富时大马隆综合指数上涨了81%。

图四 从2005年10月19日至2019年5月31日的回酬



图五显示您基金的资产净值与富时大马隆综合指数之间的表现对比。

图五 基金的资产净值对隆综合指数



从2018年5月31日至2019年5月31日，您基金的每股资产净值从RM3.56下降至RM3.22(9.55%的降幅)，而市价从RM2.59下降至RM2.42(6.56%的降幅)。同期内，富时大马隆综合指数下滑了5.16%。

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日至2019年5月31日的累积回酬 (%)

年份	资产净值	价格	隆综指	现金*
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12月31日	268.40	192.72	96.55	54.61
2018年12月31日	229.08	154.59	84.93	68.52
2019年5月31日*	233.22	149.43	80.75	65.78

表二 从2005年10月19日开始至2019年5月31日的年化回酬

截至	基金的资产净值	基金的市价	富时大马隆综合指数
2005年12月31日	0.00	46.93	-7.62
2006年12月31日	31.09	37.08	16.34
2007年12月31日	44.65	54.93	23.14
2008年12月31日	15.49	10.83	-1.30
2009年12月31日	18.07	14.09	8.19
2010年12月31日	19.94	15.22	10.25
2011年12月31日	17.77	12.27	8.67
2012年12月31日	16.25	12.72	8.89
2013年12月31日	14.85	11.67	9.09
2014年12月31日	12.81	9.98	7.38
2015年12月31日	11.78	8.83	6.22
2016年12月31日	11.02	8.73	5.36
2017年12月31日	11.27	9.20	5.69
2018年12月31日	9.44	7.33	4.76
2019年5月31日*	9.24	6.94	4.43

注*：现金是指基金持有的现金水平，而2019年则指2019年5月31日。

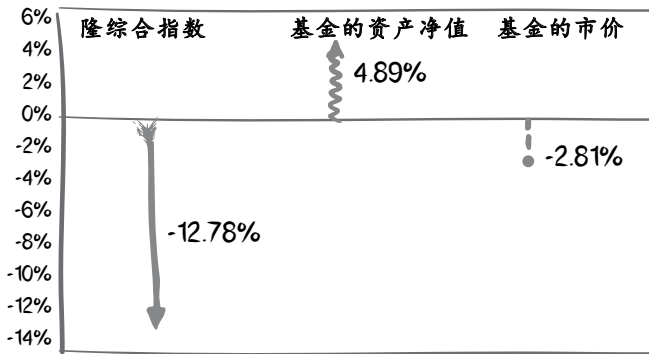
我们如何善用您的基金

如上表明确显示，您基金的现金水平在10.51%的低点和68.59%的高点之间波动。

截至2019年7月17日，您的基金拥有超过RM2亿9千684万的现金和近现金（或每股RM2.12），而截至2018年8月21日则为RM2亿8千548万（或每股RM2.04）。尽管对四家公司开始新投资，雪兰莪物业私有化大大提升了本基金的现金水平。

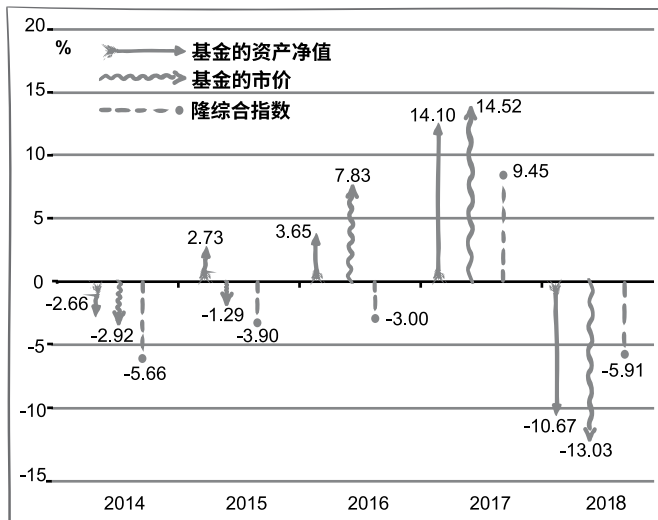
图六显示了吉隆坡富时综合指数从2014年7月8日的峰值到2019年5月31日的表现，以及同期资本投资有限公司的资产净值和股价。吉隆坡富时综合指数下跌了12.78%，但本基金的资产净值上升了4.89%，而其股价则下跌了2.81%。

图六 2014年7月8日至2019年5月31日的表现



除2018年外，您的基金连续四个历年表现优于吉隆坡富时综合指数。如图七所示，您基金的资产净值和股价均优于2014年、2015年、2016年和2017年的吉隆坡富时综合指数。于2018年，您基金的资产净值受到2018年12月巴迪尼控股股价暴跌的影响。截至2018年11月，其仍领先隆综指。

图七 基金的资产净值和股价对比富时大马隆综指指数



v. 我们的见解

马来西亚的前景

尽管官方消息没有这样描述，马来西亚自上世纪90年代以来就陷入了可怕的中等收入陷阱。在进一步研究这种结构性衰退之前，我们想引用2018年11月29日《资本投资®》中的以下段落向大家解释著名的中等收入陷阱：

什么是中等收入陷阱？

中等收入陷阱是指一个国家的经济增长在达到中等收入水平后放缓的情况。该国达不到高收入国家的程度，长期陷入困境并最终衰落。世界经济充满了许多这种失败的例子。阿根廷、巴西、墨西哥和土耳其就是一些例子。根据世界银行的统计，在1960年的101个中等收入经济体中，只有13个国家在2008年成功晋身高收入经济体的行列。在亚洲，这些经济体包括日本、韩国和新加坡，但不包括马来西亚。

马来西亚近年来已经达到了她经济增长和发展历程的一个非常关键的阶段。这个关键阶段是指著名的中等收入陷阱。实证研究表明，人均国内生产总值GDP的增长率一般会在达到1万美国元至1万5千美元之间后大幅减缓。马来西亚2017年的人均GDP为9,755美元，使她处于危险的中等收入陷阱水平。

经济增长放缓是常有的事，因为在初始阶段带来快速增长和发展的因素消失了。中等收入陷阱是一种可怕的情况，因为它描述了一个国家无法与具有高水平创新和增值活动的发达经济体竞争；同时，该国无法与提供相对便宜劳工的欠发达经济体竞争。中等收入国家被挤在成熟工业中占主导地位的低工资贫穷国家竞争者和在经历快速技术变革的行业中占主导地位的富国创新者中间。马来西亚处于印尼、越南等国与日本、韩国、美国等国之间。经济陷阱经常因不利的政治因素和民主失败，以及普遍存在的腐败等事态而变得更为复杂。这种情况在九十年代中期开始在马来西亚上演。

资料来源：<https://www.icapital.biz/newsletter/sections/Kuala-Lumpur/22>

我在许多文章中一直主张，除非马来西亚经济紧急开展改革，走出这个陷阱，否则我们将面临经济停滞甚至衰退。我多年来一直担心的事情，现在发生的速度比预期的更快。如今，马来西亚的人力资源部长无意间证实了我最大的担忧。马来西亚已远远落后于东盟邻国，以至于本国人力资源部长不得不承认，来自越南和印尼的工人不再对马来西亚的工作机会感兴趣，因为

马来西亚的工资水平与他们的国家相差无几。这是令人震惊的。越南有9,700万人口，印度尼西亚有2.7亿，而马来西亚的人口只有3,200万。也就是说，劳动力过剩国家的工人并不热衷于在劳动力匮乏的国家工作。马来西亚还想在未来几年里成为高收入国！我们正在面临一个结构性衰退。到底发生了什么事？

结构性衰退

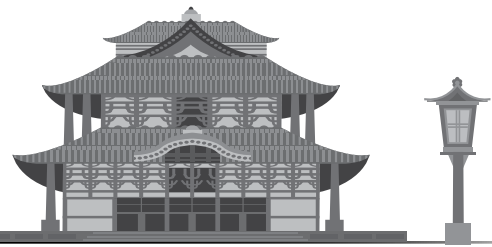
无论是哪个国家，教育部总是最重要的。因此，从逻辑上讲，教育部长是一个国家最重要的内阁成员。从长远来看，一个国家的经济增长和发展，取决于她有没有教育部长、有什么水平的教育部长。马来西亚就是这样。目前困扰着大马的经济问题，都是因为自上世纪70年代初以来大马教育政策水平低下。堕落开始的具体时间谁也不说，但有一点可以肯定，1970年，当东姑阿都拉曼被赶下台时，马来西亚的教育体系开始分崩离析。从1970年起，所有中小学教学均以马来语教学，并分阶段实施。在马来西亚半岛和沙巴，英语自1975年起不再是小学教学语言，1982年起不再是中学教学语言，1983年起不再是大学教学语言。砂拉越同样实行了教学语言的转换，从1977年开始在一年级执行。1980年，马来西亚教育文凭考试使用马来语进行。1970年，停止使用英语作为小学教师培训的的教学语言。

数学

我们能做些什么来扭转马来西亚的颓势吗？如果我可以用一个词来回答这个难题，那就是数学。

全球经济正经历着前所未有的混乱。新技术和各种技术的融合是这场指数趋势的基础。在21世纪及以后，数学技能对一国增长和发展的重要性将再上一个台阶。为什么这么说？现代技术以数学为基础。许多现代科技是以计算机科学为基础。计算机科学同样以数学为基础，尤其是离散数学。无论是在5G技术、人工智能、机器人、量子计算、自动驾驶、太空探索等领域，还是在很多其他领域，数学技能（尤其是高级数学技能），将是一个国家进步或倒退的关键性决定因素。没有扎实的数学教育，马来西亚将被排除在第四次工业革命之外。

在这方面，马来西亚可以从中国学习到很多东西。中国拥有世界上最古老的教育体系，有着深厚而彻底的数学传统，强调成绩和完美。公元前11世纪，数学自主出现在中国。在整体强调教育的同时，数学也受到特别强调。在强调通识教育的同时，具体科目也有一定强调。数学就是其中之一。数学是周朝（公元前1122-256）要求学生掌握的六艺之一。精通六艺，方成君子。六艺起源于儒家哲学。从6世纪开始，数学就作为



儒家学说的教育观

“故君子之教喻也。道而弗牵，强而弗抑，开而弗达。道而弗牵则和，强而弗抑则易，开而弗达则思。和易以思可谓善喻矣。”

“学然后知不足，教然后知困。知不足，然后能自反也；知困，然后能自强也。故曰：教学相长也”。

资料来源：<https://www.nap.edu/read/12874/chapter/2#4>

官员考试课程的一部分来教授。李淳风（公元602 - 670年）就曾受诏为此类课程编撰算学教材。早期对数学的重视在过去对中国很有帮助。进入21世纪后，数学将更进一步将中国推进。

中国式上课

虽然中国学生和有着深厚儒家传统的东亚国家学生过去几十年里在数学方面表现出惊人的成绩，但有许多人批评中国人的数学教育和数学学习方式。他们说，中国学生学习数学的方式是被动的，他们的经验仅限于记忆、模仿、演算和考试。他们批评中国式教育压抑创造力和个性。中国的老师和教授大多采用讲课的方式，学生没有太多空间和时间来提问或讨论。学生应该对老师恭恭敬敬。死记硬背是中国学校的核心教学方法，也是他们眼中的罪魁祸首。具有讽刺意味的是，在一遍批评声浪中，整个世界正越来越关注中国学生学习数学的方式，因为对数学成绩的研究表明，中国儿童以及其他有着浓厚儒家文化的东亚国家儿童，在几乎所有领域都一直胜过美国学生。这就产生了一种“中国学习者悖论”的现象。

那么，中国人到底是如何学习数学的？范良火教授、黄毅英教授、蔡金法教授和李士铸教授于2004年出版了一本开创性的著作《华人如何学习数学 - 局内人视角》。他们写道：

“Marton, Dall ‘Alba和 Tse (1996) 以机械学习和背诵为课题进行了研究，这种中式学

习方式饱受西方教育者非议，连中国教育者自己都常常批评。”事实证明，饱受批评的中国式机械学习方法并没有得到正确的理解。机械学习本身并不是目的，而是达到更深层次理解的一种方式。

在一项比较英国和中国学生复述和背诵的研究中，Dahlin和Watkins在《英国教育心理学杂志》的“重复在记忆和理解过程中的作用：对香港中西方学校学生观点的比较”文章里陈述了以下有趣的现象：

“英国学生用复述来检查自己是否真的记住了，而中国学生则用复述来创造‘深刻印象’，为加深理解打下基础。此外，英国学生认为理解是一个突然顿悟的过程，而中国学生认为理解是一个漫长的过程，需要大量的脑力劳动。”

中国学生对学习过程的想法与西方教师截然不同：

“一般来说，他们会采用四个不同的步骤来完成任何学习任务。中国学生在遇到新材料时，首先会将材料牢记在心；接下来，他们会试图理解材料的目的、类型和意义。然后，试着将自己的理解应用到需要使用这些知识的情况中，最后进入更深层次的阶段，对原始材料提出质疑和修改。”（资料来源：《华人如何学习数学-局内人视角》）

中国学生并不认为死记硬背会对理解概念造成障碍。他们能够区分机械式死记硬背和带着理解的死记硬背。在中国课堂中使用死记硬背，“不仅仅是背诵，而是知识的整合和理解的深化”。

五大“学习美德”

在该书的第五章中，李瑾教授通过这种方式，揭示了学习过程的诀窍所在、中美学习过程的不同之处，以及为何中国式学习在饱受非议的情况下还能存在数千年，甚至到今天仍然是一种成功的方式。她称它们为5大“学习美德”，在解释中国人的5大“学习美德”时，我们对李瑾教授（当时她在布朗大学）进行了解释：

【1】第一个概念称为奋或发奋。这是指学习者对某一行动过程的决心，以及他或她准备在多大程度上履行他或她的承诺。中国人认为，必须发奋，才能保证一个人清楚自己的愿望和目标；清楚实现愿望和目标所必须采取的行动；清楚若行为发生偏离要如何为自己的欲望负责，或是在面对障碍时只是选择放弃。

【2】第二种美德是勤，指的是频繁学习的行为。重点在于大量学习以及在学习上花费大量时间。如果一个人要以需要发奋行事，勤就是奋的

直接措施和表现。因此，奋和勤相辅相成，合并后就是中文的“勤奋”二字。

【3】第三种美德是刻苦，重点在于面对和克服学习过程中必然存在的困难和障碍。然而，这些障碍并不能作为不学习的理由。相反，一个人需要培养刻苦的美德，这样学习者才能够面对和战胜这些困难。

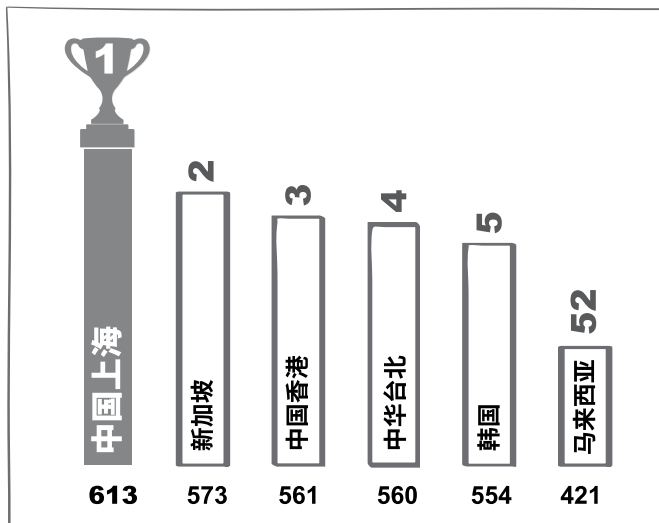
【4】第四种美德是恒心，指的是一个人在生活中对待学习和行为倾向的总体态度。中国人认为学习没有捷径，因此恒心非常重要。要想做到认真学习，必须具备这种美德。

【5】最后一种美德是专心。不过，中文的专心更多用于描述总体学习倾向，不一定与特定的任务相关。专注强调在学习过程中始终保持注意力和奉献精神，不发生任何偏移。

国际学生评估项目（PISA）是经合组织在70个国家对15岁学生的数学、科学和阅读成绩进行的一项全球性研究。

在2012年的PISA调查中，马来西亚的数学成绩为421分，排名第52位（图一）。不出意料，排名前五的都是深受儒家价值观影响的社会，这些地区都有着强调数学教育的悠久传统。

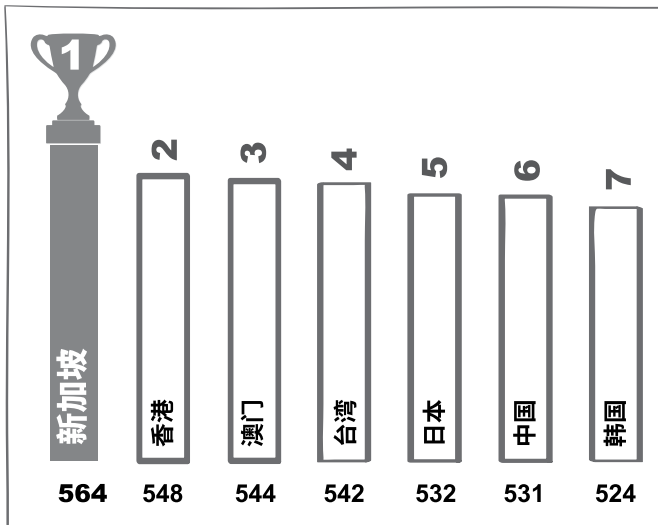
图一 2012年国际学生评估项目(PISA)数学分项的排行榜



资料来源：经合组织，（2015-2016年）

在2015年PISA调查中，数学排名前7位的仍然是那些有着深厚儒家传统的社会（图二）。马来西亚被排除在2015年的PISA调查中。真是悲惨。

图二 2015年国际学生评估项目(PISA)数学分项的排行榜



资料来源：经合组织，（2015-2016年）

要想扭转结构性衰退、为21世纪做好准备，马来西亚必须关注数学。当然，这将是一个极其艰苦漫长的旅程。然而，马来西亚将加速踏上一段没有回头路的旅程，后果不堪设想。对于马来西亚人，尤其是国内政治家来说，与其尝试用英语教授数学（和科学），不如远离种族政治，向所有种族的马来西亚学生灌输“学习美德”。中国、韩国、新加坡和日本的经验表明，教学语言的重要性不及学生和老师的态度。

我在去年的年报中曾摘录这段：

“中国著名作家、哲学家林语堂说：

‘警察太多了就没有自由可言；士兵太多了就没有和平可言；律师太多了就没有正义可言。’

我们还要补充一句：“政客太多了就没有未来可言。”

就如先前所说，马来西亚政治领袖现在告诉大马人，越南和印尼的工人对马来西亚的工作机会已经失去兴趣，因为马来西亚的工资与他们自己的国家没有太大差别。这是一种非常严峻的事态，而且发生在不到一代人的时间里。21世纪人类有望看到更具颠覆性的技术开花结果，因此，即使会经历阵痛，马来西亚的政治领袖也必须马上做出正确的选择。

价值投资

查理·芒格说过：“比获胜愿望更重要的是愿意进行准备工作。”

著名的价值投资者查理·芒格长久以来一直是孔子的崇拜者，他所说的话与孔子的说法相呼应。



- 孔子



在2019年4月13日（星期六）举办的2018/2019年全球投资者周上，我发表了关于“新价值投资”的演讲。这个有趣的话题的摘要是我们现在已经成为一个轻资产经济体；我们不需要太多的净有形资产。随着公司以高于传统市场估值的价格进行交易，价值投资者必须调整其风格。股价仍然是价值的重要组成部分。现在什么是价值的驱动力？什么构成了21世纪经济的价值？什么将推动经济和企业？现在，宏观因素是价值创造者和摧毁者的一部分。

陈鼎武

敬启

指定人

资威资产管理私人有限公司

2019年7月17日

PROFILE OF DIRECTORS

Datuk Ng Peng Hong @ Ng Peng Hay

- Chairman
- Independent Non-Executive Director (re-designated to Non-Independent Non-Executive Chairman with effect from 8 August 2019)
- Chairman of the Nomination Committee (resigned with effect from 8 August 2019)
- Aged 67, Malaysian, Male

Datuk Ng Peng Hong @ Ng Peng Hay 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 Group Independent Non-Executive Chairman of Wellcall Holdings Bhd. He is also the Independent Non-Executive Chairman of CRG Incorporated Berhad and a Non-Independent Non-Executive Director of Sinmah Capital Bhd.

Datuk Ng Peng Hong @ Ng Peng Hay has no family relationship with any director or major shareholder of your Fund nor has he any conflict of interest with your Fund. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanctions or penalty imposed by relevant regulatory bodies during the financial year. He attended all five (5) meetings held in the financial year ended 31 May 2019.

Dato' Seri Md Ajib Bin Anuar

- Independent Non-Executive Director
- Chairman of the Audit Committee
- Aged 69, 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 47 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 (since 2003) as well as the President of ASEAN Federation of Mining Associations (since 2016). He is also the Chairman of the Kuala Lumpur Tin Market (since 1997), the Chairman of the Malaysia Tin Industry (Research and Development) Board (since 2003), a Director of International Tin Association Ltd (formerly known as ITRI

Ltd) and ITRI Innovation Ltd, United Kingdom (the research and development body of the world's tin industry)(since 1994).

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. He is currently an External Consultant to the world's largest tin mining and smelting group, Yunan Tin Company Limited of China.

Prior to his appointment as the Group CEO of MSC, Dato' Seri Md Ajib Bin Anuar spent 23 years in MMC Corporation Berhad Group of Companies (formerly known as Malaysia Mining 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' Seri Md Ajib Bin Anuar has no family relationship with any director or major shareholder of your Fund nor has he any conflict of interest with your Fund. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanctions or penalty imposed by relevant regulatory bodies during the financial year. He attended all five (5) meetings held in the financial year ended 31 May 2019.

Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan

- Independent Non-Executive Director
- Member of the Audit Committee and Nomination Committee
- Aged 65, 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.

Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan has no family relationship with any director or major shareholder of your Fund nor has he any conflict of interest with your Fund. He has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanctions or penalty imposed by relevant regulatory bodies during the financial year. He attended all five (5) meetings held in the financial year ended 31 May 2019.

Madam Leong So Seh

- Independent Non-Executive Director
- Member of the Audit Committee
- Member of the Nomination Committee (re-designated to Chairperson with effect from 8 August 2019)
- Aged 67, Malaysian, Female

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

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

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

Madam Leong So Seh has no family relationship with any director or major shareholder of your Fund nor has she any conflict of interest with your Fund. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanctions or penalty imposed by relevant regulatory bodies during the financial year. She attended all five (5) meetings held in the financial year ended 31 May 2019.

Datin Siah Li Mei

- Independent Non-Executive Director
- Member of the Nomination Committee (with effect from 8 August 2019)
- Aged 52, Malaysian, Female

Datin Siah Li Mei was appointed to your Board of Directors on 11

July 2019. She graduated with a L.L.B. (Honours) from the University of Buckingham, England in 1988 and attained her Certificate of Legal Practice in 1989.

She has been in legal practice since 1990. She has been the Managing Partner of Melaka's leading legal firm, Chee Siah Le Kee & Partners since 2015. Her forte lies in the areas of the law relating to banking and securities, land, strata mixed development and corporate. She also conducts legal training courses and workshops for Bukit Aman's Commercial Crime Division, financial institutions, practising lawyers, pupils and law students. She was the chairperson for the Conveyancing Practice Committee of Melaka Bar Committee in 2014 and served as a sub-committee member from 2015 to 2018.

Datin Siah Li Mei has no family relationship with any director or major shareholder of your Fund nor has she any conflict of interest with your Fund. She has not been convicted of any offence (other than traffic offence, if any) within the past five (5) years nor any public sanctions or penalty imposed by relevant regulatory bodies during the financial year.

PROFILE OF DESIGNATED PERSON

Under the Securities Commission Malaysia ("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

Mr Tan Teng Boo

Mr Tan Teng Boo, aged 65, Malaysian, is the Designated Person of your Fund as approved by the SC under its Guidelines on the Public Offering of Securities of Closed-end Funds.

Mr Tan Teng Boo is appointed by your Fund Manager and is the person responsible for managing the investments of your Fund since its listing on 19 October 2005.

Mr Tan Teng Boo is the founder and 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 Social Sciences, majoring in Economics from Sussex University, England. He has over four decades of experiences in the equity markets and economies. As a result of his fascination with investing, he has the unique ability of blending his investing skills with his business experiences. As Warren Buffett, the world renowned investor, said, "It's been awfully good to have a foot in both camps."

Your Fund Manager and Designated Person have not identified any conflict of interest situation that may arise with your Fund.

The Designated Person and your Fund Manager have not been convicted of any offences (other than traffic offences, if any) within the past five (5) years nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

EXPLANATORY NOTE

Explanatory Note to the Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control

As explained in the section of this 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 from other public companies listed on Bursa Malaysia Securities Berhad (“Bursa Securities”).

Your Fund’s Board comprises non-executive Directors who are mostly independent. 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.

It is mandatory for your Fund to appoint a Designated Person (besides a Fund Manager) to be responsible for managing the assets of your Fund and plays a key role. The Designated Person must be approved by the Securities Commission under the Guidelines for Public Offering of Securities of Closed-end Funds (“SC CEF Guidelines”). In this respect, your Fund is very different from other listed companies.

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 Constitution and the Initial Public Offering Prospectus.

A 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 profit or earnings or earnings per share or the profit and loss statement when tracking the performance of your Fund.

Bursa Securities has specific disclosure and reporting requirements for closed-end funds which are not applicable to a normal listed company, and vice versa.

The SC CEF Guidelines further prescribe that a closed-end fund shall not conduct any other business other than that of a closed-end fund, shall not take effective control of its underlying investments, that no shareholder shall hold more than 20% of the total issued and paid-up shares of the closed-end fund, and restriction on borrowing. Your Fund has adopted the strictest threshold, that is, not allowed to borrow without unanimous approval from share owners, thus making your Fund a safe and sound investment. All these conditions are not applicable to a normal listed company.

AUDIT COMMITTEE REPORT

1. COMPOSITION

The Audit Committee (“AC”) comprises of the following members:-

Name of Director	Membership	Directorship
Dato’ Seri Md Ajib Bin Anuar	Chairman	Independent Non-Executive Director
Dato’ Sri Syed Ismail Bin Dato’ Haji Syed Azizan	Member	Independent Non-Executive Director
Madam Leong So Seh	Member	Independent Non-Executive Director

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

2. TERMS OF REFERENCE

The Terms of Reference of the AC are available on your Fund’s corporate website.

3. MEETINGS

During the financial year ended 31 May 2019 (“FYE 2019”), a total of four (4) AC meetings were held. The attendance of each AC member is set out on page 56 of this Annual Report.

As a closed-end fund (“CEF”), the entire Board of Directors of your Fund is non-executive with mostly independent 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 52 of this Annual Report. The External Auditors of your Fund is Crowe Malaysia PLT (formerly known as Crowe Malaysia).

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

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. The Board was of the view that the AC:-

- was well-balanced, with its members having diverse skill sets and core competencies; and
- had performed satisfactorily in the discharge of its functions, duties and responsibilities in accordance with the Terms of Reference during the FYE 2019.

5. SUMMARY OF THE WORK OF THE AC DURING THE FYE 2019

The principal activities undertaken by the AC in the discharge of its functions and duties during the FYE 2019 are summarised as follows:-

5.1 Financial Reporting

- a. The AC reviewed your Fund's quarterly financial results and annual audited financial statements of your Fund prior to approval of your Board and announcements to Bursa Securities by the Company Secretaries.
- b. In discharging this role, the AC deliberated with the Administrator, Fund Manager and the External Auditors to ensure the quarterly financial results and annual audited financial statements gave a true and fair view of the financial position of your Fund and 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.

5.2 External Audit

- a. The AC reviewed with the External Auditors the Audit Planning Memorandum for the FYE 2019 and the amount of audit and non-audit fees of your Fund for the FYE 2019, the particulars of which are as follows, before recommending to your Board for approval:-

Particulars	Amount (RM)	Total (RM)
Audit fee	41,000.00	41,000.00
Non-audit fees		15,000.00
• Review of Statement on Risk Management and Internal Control	5,000.00	
• Review of Annual Report	10,000.00	
		56,000.00

- b. The AC reviewed and discussed with the External Auditors the Audit Finding, Audit Review Memorandum and the draft audited financial statements for FYE 2019.
- c. 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.
- d. The AC also received written confirmation dated 16 July 2019 from the External Auditors that during their course of audit for FYE 2019, nothing had come to their attention that there was any material deficiency in internal controls of your Fund for FYE 2019.

- e. The AC conducted an evaluation of the External Auditors for FYE 2019 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 performance of the External Auditors and agreed that Crowe Malaysia PLT (formerly known as Crowe Malaysia) had demonstrated their objectivity, independence and professionalism throughout their course of audit.

- f. Based on the AC's recommendation, your Board agreed to table the re-appointment of Crowe Malaysia PLT (formerly known as Crowe Malaysia) as the External Auditors for the ensuing financial year for share owners' approval at the Fifteenth Annual General Meeting.
- g. The AC held two (2) private discussion sessions with the External Auditors in respect of the audit of your Fund's financial statements for the FYE 2019.

5.3 Internal Audit

- a. Your Fund has outsourced its internal audit function to PKF Advisory Sdn. Bhd. ("PKF"), an independent professional services firm, to assist the AC in discharging its duties and responsibilities more effectively. The former Internal Auditors had resigned on 3 December 2018 effective from the quarter ended November 2018 due to the firm's change in business strategies.

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 and Internal Audit Plan approved by the AC to ensure that the assets of your Fund are adequately safeguarded and to report any audit findings directly to the AC.

PKF has approximately 2 audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are set out below:-

Name	: Dato' Josephine Low
Qualification	: MBA (Hull, UK)
	Certified Internal Auditor, Certified Information Systems Auditor, Certified Fraud Examiner and Certification in Risk Management, IIA Inc.
Independence	: Does not have any family relationship with any Directors and/or major share owners of your Fund
Public Sanction	: Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- b. The AC agreed that the number of internal audit review per annum be reduced to two (2) reviews per annum with effect from 1 December 2018.
- c. The AC reviewed and accepted the Internal Audit Plan for FYE 2019 to 2020 presented by the Internal Auditors where PKF would conduct its internal audit on the Service Providers of your Fund.
- d. The AC reviewed and accepted the Internal Audit Reports on a half-yearly basis presented by the Internal Auditors in respect of the audit of the following key processes carried out by the respective Service Providers:-
- ✓ Fund Management services;
 - ✓ Custodian services;
 - ✓ Accounting and administrative services; and
 - ✓ Corporate secretarial services
- The AC noted the overall test results on the above audits were satisfactory and there were no significant findings.
- e. The AC reviewed and accepted the Enterprise Risk Management Report for 2019 (“ERM Report”) presented by the Internal Auditors.
- f. The AC conducted an evaluation of the internal audit function for FYE 2019 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.
- g. The costs incurred for the Internal Audit function in respect of FYE 2019 was RM18,500.

5.4 Other Activities

a. Recurrent Related Party Transactions (“RRPTs”)

The AC reviewed all the RRPTs of your Fund at its meetings held during the FYE 2019.

On 4 February 2019, 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 the Fund Manager and Investment Advisor where the aggregated actual value of such RRPTs transacted for the periods from 1 August 2018 to 30 April 2019 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

The AC reviewed and recommended the following statements for Annual Report to your Board for approval:-

- i) AC Report;
- ii) Corporate Governance Overview Statement;
- iii) Statement on Risk Management and Internal Control; and
- iv) Discussion on Performance of your Fund (*What We Have Done with Your Funds*)

c. 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 and accepted by IRB.

IRB has issued the relevant tax discharge via Notices of reduced assessment (Form JR) and several follow-up letters on the refund of penalty have been sent to IRB, the latest dated 8 July 2019.

d. Implementation of Malaysian Financial Reporting Standard (“MFRS”) 9

The AC noted that the adoption of MFRS 9 on the quarterly financial results of your Fund would take effect from FYE 2019 onwards.

This AC Report was approved by the Board on 16 July 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders’ investments and the company’s assets. Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) require directors of public listed companies to include a statement in their annual reports on the state of their risk management framework and internal controls. The Listing Requirements and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”),

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 controls and risk management procedures of your Fund. Your Board acknowledges its overall responsibility and reviews the adequacy and integrity of the system on internal control. Nonetheless, it recognises that such a system can only provide reasonable but not absolute assurance because of limitations inherent in any system of internal control against material misstatements or fraud and is designed to manage rather than eliminate the risk of failure to achieve business objectives.

B) Audit Committee

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

C) External Service Providers

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

Internal Audit Function

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 bi-annual basis.

The internal audit function reviews the internal controls of the key activities of your Fund's service providers based on the annual audit plan approved by the AC. They perform their audit based on the *International Professional Practices Standards of Internal Auditing*. Since the adoption of the Enterprise Risk Management framework, the internal audit function has taken on a risk-based approach in 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 arising from a future event or situation

is at a level acceptable to the business. This is achieved through a combination of preventive, detective and corrective measures.

The internal audit reports that were tabled to the AC for deliberation on a bi-annual basis, have included response from the service providers and the corrective actions taken or to be taken in regard to 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 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 AC 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.

The core service providers are regulated entities and required to have adequate risk management and internal control systems and also subject to internal audit and compliance review.

The Fund Manager and Administrator have provided an annual written assurance to the Board that their risk management and internal control systems are operating adequately and effectively. The Custodian has provided similar assurance via their annual report on internal controls of their securities services.

(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 the Fund's expense.

(iii) Audit Committee

Your Board has established the AC which comprises three (3) Independent Non-Executive Directors. Details of report of the AC are disclosed in the AC Report on pages 28 to 29 and the terms of reference of the AC are made available for reference in your Fund's website at www.icapital.my.

(iv) Whistleblowing Policy

Your Board has formalised a whistle-blowing policy as commitment to highest standard of integrity, openness and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 of 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 in the inside 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.

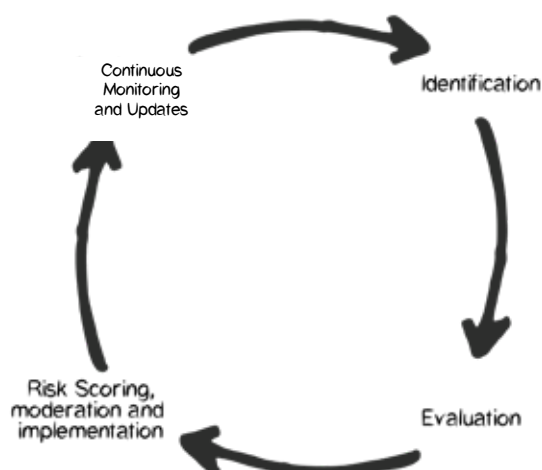
Risk Management

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 establishment of 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 were communicated to your Fund Manager, who together with the ERM service provider, evaluated and scored the risks.

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 potential high impact and likelihood to your Fund's operation:

Risk Profile	Causes	Mitigation Control
1. Prolong Slow Down in Economy	Arises from fluctuation in interest rates, inflation, prolong downturn of crude oil, slowdown in economies of Malaysian economic partners and trade war between China and United States.	While economic slowdown is an external factor which is beyond your Fund's control, your Board has delegated to your Fund Manager who mitigates 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. Local Political Instability	Arises from establishment of new government, changes in government leadership, war, riots and expropriation.	Your Board has delegated to your Fund Manager who mitigates 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 who mitigates such risk by engaging more frequently with share owners and continuous efforts in educating existing and potential investors on the benefits of investing in a closed-end fund, by organising Investor Day/Week, roadshows, PR and IR campaigns and etc. besides exploring other possible discount control mechanisms.

Risk Profile	Causes	Mitigation Control
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 ("Service Providers") that the risk management and internal control systems of each of the Service Providers, in relation to their functions in your Fund pursuant to their respective terms of engagement, are operating adequately and effectively in all material aspect.

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 identified that would result in material losses or require disclosure in your Fund's Annual Report during the financial year ended 31 May 2019.

CORPORATE RESPONSIBILITY

Your Fund 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 or the community at large.

Share Owner Value

By adhering to its eclectic value investing philosophy, your Fund 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 on 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.

Ever since the first Investor Day of your Fund was held in 2010, your Fund Manager and Investment Adviser have been working hard in organising all the investor days, with the objective of educating the investing public on sound investing and to increase the awareness of icapital.biz Berhad among the general public. Believing strongly in the *raison d'être* of your Fund that "serious long-term investing in Bursa Securities can offer superior returns", they were not paid any extra fees for undertaking these selfless initiatives.

Effective 2017, the Investor Day of your Fund was rebranded as the Global Investor Week of Capital Dynamics. Capital Dynamics decided to take on a greater responsibility by becoming the main organiser of the event in order to have a greater platform to reach out to more investors and have more flexibility in organising an event of such nature, which is one of the most innovative investor events in Asia.

The 14th Annual General Meeting of icapital.biz Berhad

Held in the same format as the 13th Annual General Meeting (AGM), the 14th AGM of your Fund was made a full day event so that the Fund Manager could spend more quality time interacting with the share owners of your Fund. Other than updating the investment portfolio of your Fund and providing a macro-economy overview, this year's special presentation by Tan Teng Boo was titled "Politics, Democracy, Economics, Markets – Malaysia's future." He pointed out the structural issues that Malaysia has been facing since the Nineties. Indeed another thought-provoking session.

The 2018/2019 Global Investor Week

The 2018/2019 Global Investor Week was held on 13th and 14th April 2019 at Wisma MCA and Kuala Lumpur Convention Centre. With your Fund as one of its sponsors, the 2-day not-for-profit event was a highly innovative occasion comprising many parts: the morning talks, including a talk by YB Nurul Izzah, on Day 1; the 2019 Budding Value investor Award; and Day 2 of 2018/2019 Global Investor Week. The

2018/2019 Global Investor week was a mega scale event to conduct, especially for a company that is as small as Capital Dynamics.

Day 1, 13th April 2019

In the morning of Day 1 of the 2018/2019 Global Investor Week, the participants gained valuable insights from Tan Teng Boo and YB Nurul Izzah as they shared their honest assessment of Malaysia's long term economic and political future. Tan Teng Boo and his team of analysts also sketched their assessment of the economies of China, the United States, the EU and Malaysia and the stock markets in China, NYSE/NASDAQ and KLSE. For the first time, Tan Teng Boo gave a talk on "New Value Investing", where he shared his insights on how value investing fits in a new landscape featuring low inflation, low interest rates, and incessant disruption of all kinds. Most importantly, Tan Teng Boo shared the long-term exciting prospects of icapital.biz Berhad with the participants.

Day 1, The 2019 Budding Value Investor Award

Your Fund Manager and Investment Adviser are committed and determined to promoting the benefits of long-term value investing, in line with the investment objectives and policies of your Fund. They brought back the Budding Value Investor Award, a trailblazing investment competition targeting young budding investors with the aim of cultivating in them the principles of value investing and the importance of serious investing.

The 2019 Budding Value Investor Award was held in the afternoon of Day 1, 13th April 2019. The Award was a truly global event and it was the first time an Asian investment company has ever undertaken such a major project. It took months of preparation and hard work, and Capital Dynamics did it all by itself. The Award consisted of two stages: the first stage took the form of an essay, where the participants were required to conduct an analysis of a stock that your Fund currently owns; the exciting second stage required the finalist teams to present their investment research in person on 13th April 2019.

With your Fund being one of its sponsors, the 2019 Budding Value Investor Award was a not-for-profit competition that provided a platform for undergraduates to showcase their investment research and analytical abilities. Value investing is the underlying theme of this pioneering investment research competition.

Capital Dynamics received registrations from over 73 teams consisting of 171 undergraduates, 27 universities, 7 countries and 11 nationalities. Six teams representing Hong Kong Baptist University, Monash University, Xiamen University Malaysia, University of Malaya, HELP University, Universiti Tunku Abdul Rahman, and the Chinese University of Hong Kong successfully made it to the final round. The team from Monash University and Xiamen University Malaysia won the Award and walked away with USD7,500 cash prize and a 3-month paid internship with Capital Dynamics. The judges for the final stage of the Award were Dr Lee Hon Sing, Deputy Head of Finance Department of NUS Business School, National University of Singapore, Mr Kenneth Tan, Executive Director of KESM Industries Berhad and Sunright Limited, Dr Gary Willinge, Adjunct Professor at Curtin University, May Quah, Director of Investment at Malaysia's leading investment institution and Mr Tan Teng Boo, Managing Director of Capital Dynamics.

Over 300 investors witnessed the competition and we received unanimous positive feedback on the quality of research and

presentation from the finalists. Capital Dynamics is committed to making this an annual event.

Day 2, 14th April 2019

Never before has Malaysia seen an investment event on a global scale all-organised by a Malaysian company like Day 2 of the 2018/2019 Global Investor Week. Even Phoenix TV, a TV station popular in mainland China, Hong Kong, Taiwan, Malaysia, and more was overflowing with praises for Day 2 (visit <https://youtu.be/ULqXriDQtss> for its coverage). Capital Dynamics and its staff, even though saddled with their usual day-to-day responsibilities, should be proud of what they have achieved here.

Packed with prominent speakers from China, the United States, Kenya, the World Bank and of course, Malaysia, the talks on Day 2 explored one vitally important theme: "China – a country the world needs versus a country that needs the world". First was a talk by James Bradley, a renowned author of 4 best-selling books including "The China Mirage". The premise of his talk was how the United States has failed to understand China, which has led to poor and often disastrous policy decisions from the US government.

Professor David De Cremer, Provost Chair of National University of Singapore and co-author of "Huawei: Leadership, Culture, and Connectivity", spoke on the topic, "Is Huawei a Threat to the World?" In 30 years, Ren Zhengfei has built a company that even president Trump is frightened of. From humble beginnings, Huawei is now a global company with 180,000 employees. Professor David De Cremer concluded that Huawei's success is not a threat to the world.

We had Victor Gao Zhikai, former English interpreter to Deng Xiaoping and Vice-president, Centre for China & Globalisation, enlightened the participants on the importance of China's economic strength compared with her political strength in a bi-polar global structure and Deng Xiaoping's concept of "socialism with Chinese characteristics."

In line with his tradition of being ahead of his time, Tan Teng Boo brought Professor Peter Kagwanja, Chief Executive of Africa Policy Institute from Nairobi, Kenya to the 2018/2019 Global Investor Week. In view of the importance of China-Africa relationship, Professor Kagwanja enlightened participants on the African perspective. We believe that this is the first time that an important talk of this kind has been presented in Malaysia.

Dr Goh Chor Ching, a Malaysian and a 20-year economist with the World Bank, covering many of the Belt and Road Initiative's countries, explained the implications of China's Belt and Road Initiative for the participating countries, stripped of geopolitics and hidden agendas.

Tan Teng Boo concluded the Day 2 session by enlightening the audience with his original insights into how China's multi-faceted transformation will impact the rest of the world and how investors and businesses can benefit from the relationships between China and the world.

200 share owners of your Fund were shortlisted through a lucky draw and invited to attend Day 2 of the 2018/2019 Global Investor Week under the sponsorship of your Fund and Capital Dynamics.

Your Fund prides itself on being a conscientious corporate citizen. The launching of the Global Investor Week by your Fund Manager and Investment Adviser has become a key avenue for your Fund to implement effective corporate responsibility initiatives and help make the world a better place.

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 2019.

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 4,014,316

DIVIDENDS

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 setting up of 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 ensure 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.

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 directors of your Fund who served during the financial year and up to 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' Sri Syed Ismail Bin Dato' Haji Syed Azizan
4. Leong So Seh
5. Datin Siah Li Mei (Appointed on 11.7.2019)

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 16(b) 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 16(c) to the financial statements.

INDEMNITY AND INSURANCE COST

The directors and officers of your Fund are covered by directors and officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM30,000. No indemnity was given to or insurance effected for auditors of your Fund.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

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
13 August 2019
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 38 to 48 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 31 May 2019 and of its financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated
13 August 2019
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, 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 38 to 48 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above mentioned
Tan Teng Boo, NRIC Number: 540211-02-5441
at Kuala Lumpur in the Federal Territory on this
13 August 2019

Before me

La Din (No. W 668)
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 2019, 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 38 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of your Fund as at 31 May 2019, 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.

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 scepticism 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 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 Malaysia PLT
Firm No: LLP0018817
-LCA & AF 1018
Chartered Accountants
Kuala Lumpur
13 August 2019

Ho Yen Ling
03378/06/2020 J
Chartered Accountant

STATEMENT OF FINANCIAL POSITION AT 31 MAY 2019

	Note	31.5.2019 RM	31.5.2018 RM (Restated)	16.2017 RM (Restated)
ASSETS				
NON-CURRENT ASSET				
Investments	5	152,411,872	213,327,875	177,605,480
CURRENT ASSETS				
Other receivables and prepayments	6	2,024,489	2,637,835	1,874,693
Current tax assets		96,887	-	301,577
Short-term deposits	7	279,146,581	263,848,212	282,769,489
Bank balance		17,004,221	19,319,568	1,183,240
		298,272,178	285,805,615	286,128,999
CURRENT LIABILITIES				
Other payables and accruals	8	475,903	417,944	449,461
Current tax liabilities		-	20,460	-
		475,903	438,404	449,461
NET CURRENT ASSETS		297,796,275	285,367,211	285,679,538
NET ASSETS		450,208,147	498,695,086	463,285,018
FINANCED BY:-				
Share capital	9	140,000,000	140,000,000	140,000,000
Reserves	10	310,208,147	358,695,086	323,285,018
SHAREHOLDERS' EQUITY		450,208,147	498,695,086	463,285,018
Net asset value per ordinary share	11	3.22	3.56	3.31

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	2019 (RM)	2018 (RM) (Restated)
REVENUE			
Interest income		9,826,242	9,395,089
Dividend income		4,900,190	6,460,570
		14,726,432	15,855,659
LESS: OPERATING EXPENSES			
Accounting and administrative fees		201,940	126,500
Advertisements		5,280	4,223
Annual general meeting expenses		345,607	281,150
Auditors' remuneration			
- current financial year		41,000	41,000
- (over)/underprovision in the previous financial year		(3,000)	3,000
Custodian expenses		213,060	218,895
Directors' fees		269,000	270,837
Fund management fee		3,596,061	3,592,787
Investment advisory fee		3,596,061	3,592,787
Professional fee		247,809	242,728
Goods and services tax expenses		74,949	472,382
Others		68,561	96,297
		8,656,328	8,942,586
PROFIT BEFORE TAXATION		6,070,104	6,913,073
INCOME TAX EXPENSE	12	(2,055,788)	(2,236,103)
PROFIT AFTER TAXATION		4,014,316	4,676,970
OTHER COMPREHENSIVE INCOME	13	(52,501,255)	30,733,098
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(48,486,939)	35,410,068
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-			
Owners of the Company		4,014,316	4,676,970
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO:-			
Owners of the Company		(48,486,939)	35,410,068
Basic earnings per ordinary share	14	0.03	0.03
Diluted earnings per ordinary share	14	0.03	0.03

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	Non-distributable		Distributable	Total Equity (RM)
		Share Capital (RM)	Fair Value Reserve (RM)	Retained Profits (RM)	
Balance at 1.6.2017		140,000,000	87,512,953	235,772,065	463,285,018
Changes in accounting policies	19	-	(17,233,772)	17,233,772	-
Balance at 1.6.2017 (restated)		140,000,000	70,279,181	253,005,837	463,285,018
Profit after taxation		-	-	4,676,970	4,676,970
Other comprehensive income		-	-	-	-
- Fair value changes of equity instruments		-	30,733,098	-	30,733,098
Total comprehensive income for the financial year		-	30,733,098	4,676,970	35,410,068
Transfer to retained profits arising from disposal of investments		-	(9,020,836)	9,020,836	-
Balance at 31.5.2018/1.6.2018 (restated)		140,000,000	91,991,443	266,703,643	498,695,086
Balance at 31.5.2018/1.6.2018					
- As previously reported		140,000,000	114,021,492	244,673,594	498,695,086
- Changes in accounting policies	19	-	(22,030,049)	22,030,049	-
- As restated		140,000,000	91,991,443	266,703,643	498,695,086
Profit after taxation		-	-	4,014,316	4,014,316
Other comprehensive income:		-	-	-	-
- Fair value changes of equity instruments		-	(52,501,255)	-	(52,501,255)
Total comprehensive (expenses)/ income for the financial year		-	(52,501,255)	4,014,316	(48,486,939)
Transfer to retained profits arising from disposal of investments		-	(20,508,076)	20,508,076	-
Balance at 31.5.2019		140,000,000	18,982,112	291,226,035	450,208,147

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	2019 (RM)	2018 (RM) (Restated)
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Profit before taxation		6,070,104	6,913,073
Decrease/(Increase) in other receivables		613,346	(763,142)
Increase/(Decrease) in other payables		57,959	(31,517)
Proceeds from disposal of quoted investments		40,140,258	14,401,883
Purchase of quoted investments		(31,725,510)	(19,391,180)
CASH FROM OPERATIONS		15,156,157	1,129,117
Income tax paid		(2,173,135)	(2,050,000)
Tax refunded		-	135,934
NET CASH FROM/(FOR) OPERATING ACTIVITIES		12,983,022	(784,949)
NET CASH FROM/(FOR) INVESTING ACTIVITY			
Decrease/(Increase) in short-term deposits with tenure more than 3 months		61,191,166	(228,202,650)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		74,174,188	(228,987,599)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		54,965,130	283,952,729
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	15	129,139,318	54,965,130

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

1. GENERAL INFORMATION

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

Registered office: 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 13 August 2019.

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/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’

Amendments to MFRS 140—Transfers of Investment Property 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.

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

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held of maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with the ‘expected credit loss’ model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The changes in accounting policies as a consequence of the adoption of above accounting standards and interpretation (including the consequential amendments, if any) are presented in Note 19 to the financial statements.

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

MFRSs and/ or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of your Fund upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognize their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. Your Fund is currently assessing the financial impact that may arise from the adoption of this standard.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. Your Fund uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amount of other receivables as at the reporting date is disclosed in Note 6 to the financial statements.

(b) 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 expense and deferred tax balances in the period in which such determination is made.

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 statement 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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 statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is

calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Your Fund reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where your Fund has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when your Fund's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are 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 (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 liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.5 IMPAIRMENT

(a) Impairment of Financial Assets

Your Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to your Fund in accordance with the contract and all the cash flows that your Fund expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Your Fund always recognises lifetime expected credit losses for the trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on your Fund's historical credit loss experience and are adjusted for looking-forward information (including time value of money where appropriate).

For all other financial instruments, your Fund recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, your Fund measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Your Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other

comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(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.

4.6 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.

4.7 SEGMENTAL INFORMATION

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

4.8 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.

4.9 FAIR VALUE MEASUREMENTS

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

4.10 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

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

(b) Interest Income

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

5. INVESTMENTS

	31.5.2019 (RM)	31.5.2018 (RM)
Quoted shares, at fair value	152,411,872	213,327,875

Equity Investments at Fair Value Through Other Comprehensive Income

(a) Your Fund designated its investments in quoted shares to be measured at fair value through other comprehensive income because your Fund intends to hold for long-term strategic purposes.

(b) The fair value of each investment is summarised below:-

	31.5.2019 (RM)	31.5.2018 (RM)
Quoted shares:-		
APM Automotive Holdings Berhad	12,850,770	15,606,807
Bioalpha Holdings Berhad	1,417,220	-
Boustead Holdings Berhad	13,605,520	29,397,642
Carlsberg Brewery Malaysia Berhad	7,314,000	-
Fraser & Neave Holdings Berhad	-	8,229,632
Kobay Technology Berhad	843,465	-
Malaysia Smelting Corporation Berhad	4,688,262	7,194,798
MKH Berhad	3,110,913	1,723,174
Oceancash Pacific Berhad	1,042,525	1,226,500
Padini Holdings Berhad	63,264,924	109,060,000
Parkson Holdings Berhad	2,846,709	5,371,149
Salutica Berhad	501,559	592,112
Sam Engineering & Equipment (M) Berhad	20,069,160	-
Selangor Properties Berhad	-	12,267,900
Suria Capital Holdings Berhad	14,864,995	14,975,928
Tong Herr Resources Berhad	5,991,850	7,682,233
	152,411,872	213,327,875

(c) During the financial year, your Fund has disposed of some of its investments as part of the fund's value investing strategy. The shares sold had a fair value of RM40,140,258 (2018 - RM14,401,863) at the time of sales and your Fund realised a cumulative gain of RM20,508,076 (2018 - RM9,020,836) by transferring the associated fair value reserve to retained profits.

6. OTHER RECEIVABLES, DEPOSIT AND PREPAYMENTS

	31.5.2019 (RM)	31.5.2018 (RM)
Other receivables	759,766	1,376,694
Prepayments	1,264,723	1,261,141
	2,024,489	2,637,835

Included in prepayments is an amount of RM1,145,879 (2018 - RM1,247,858) being prepayment to related parties.

7. SHORT-TERM DEPOSITS

	31.5.2019 (RM)	31.5.2018 (RM)
Deposits with licensed financial institutions	279,146,581	263,848,212

The deposits with licensed financial institutions of your Fund at the end of the reporting period bore effective interest rates ranging from 3.30% to 3.75% (2018 - 3.35% to 3.75%) per annum. The deposits with licensed financial institutions have maturity periods ranging from 1 to 6 (2018 - 1 to 6) months.

8. OTHER PAYABLES AND ACCRUALS

	31.5.2019 (RM)	31.5.2018 (RM)
Other payables	22,044	499
Accruals	453,859	417,445
	475,903	417,944

9. SHARE CAPITAL

	31.5.2019	31.5.2018	31.5.2019	31.5.2018
	Number of Shares		(RM)	
Issued and Fully Paid-up				
Ordinary Shares				
At 1 June/31 May	140,000,000	140,000,000	140,000,000	140,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared your Fund, and are entitled to one vote per ordinary share at meetings of your Fund. The ordinary shares have no par value.

10. RESERVES

	31.5.2019 (RM)	31.5.2018 (RM) (Restated)	16.2017 (RM) (Restated)
Fair value reserve	18,982,112	91,991,443	70,279,181
Retained profits	291,226,035	266,703,643	253,005,837
	310,208,147	358,695,086	323,285,018

Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

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 RM450,208,147 (2018 - RM498,695,086) divided by the number of ordinary shares in issue at the end of the reporting period of 140,000,000 (2018 - 140,000,000).

12. INCOME TAX EXPENSE

	2019 (RM)	2018 (RM) (Restated)
Current tax:		
- for the financial year	2,055,113	2,072,461
- underprovision in the previous financial year	675	163,642
	2,055,788	2,236,103

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:-

	2019 (RM)	2018 (RM) (Restated)
Profit before taxation	6,070,104	6,913,073
Tax at the statutory tax rate of 24% (2018 - 24%)	1,456,825	1,659,138
Tax effects of:-		
Tax-exempt dividends	(210,772)	(88,746)
Single tier dividends	(965,273)	(1,461,790)
Non-deductible expenses	1,774,333	1,963,859
Underprovision of current tax in the previous financial year	675	163,642
Income tax expense for the financial year	2,055,788	2,236,103

13. OTHER COMPREHENSIVE INCOME

	2019 (RM)	2018 (RM) (Restated)
Items that Will Not be Reclassified Subsequently to Profit or Loss		
Fair value of equity investments:		
- changes during the financial year	(52,501,255)	30,733,098

14. EARNINGS PER SHARE

The basic earnings per ordinary share is arrived by dividing the profit attributable to owners of your Fund for the financial year of RM4,014,316 (2018 - RM4,676,970) over the weighted average number of ordinary shares in issue during the financial year of 140,000,000 (2018 - 140,000,000).

Your Fund has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

15. CASH AND CASH EQUIVALENTS

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

	31.5.2019 (RM)	31.5.2018 (RM)
Short-term deposits with licensed financial institutions	279,146,581	263,848,212
Bank balance	17,004,221	19,319,568
	296,150,802	283,167,780
Short-term deposits with tenure of more than 3 months	(167,011,484)	(228,202,650)
	129,139,318	54,965,130

16. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to your Fund if your Fund has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where your Fund and the party are subject to common control.

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.

In addition to the information detailed elsewhere in the financial statements, your Fund has related party relationships with its directors, key management personnel and entities within the same group of companies.

(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:-

	2019 (RM)	2018 (RM)
Fund management fees paid to CDAM	3,596,061	3,592,787
Investment advisory fees paid to CDSB	3,596,061	3,592,787

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

(c) Key Management Personnel Compensation

The key management personnel compensation during the financial year are as follows:-

	2019 (RM)	2018 (RM)
Directors of the Company		
Non-executive Directors - Fees	269,000	270,837

17. 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 the your Fund Company's investments.

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

Your Fund's 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) Foreign Currency Risk

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

(ii) 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:-

	2019 (RM)	2018 (RM)
Effects on Profit After Taxation		
Increase of 100 basis points ("bp")	2,121,514	2,005,246
Decrease of 100 bp	(2,121,514)	(2,005,246)

(iii) 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

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

	2019 (RM)	2018 (RM)
Effects on Other Comprehensive Income		
Increase of 10%	15,241,187	21,332,788
Decrease of 10%	(15,241,187)	(21,332,788)

(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.

(i) Credit Risk Concentration Profile

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

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of financial assets recognised in the statement of financial position of your Fund after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, your Fund assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Short-term Deposits and Bank Balances

Your Fund considers these banks and financial institutions have low credit risks. Therefore, Your Fund is of the view that the loss allowance is immaterial and hence, it is not provided for.

(d) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. Your Fund practises prudent risk management by maintaining sufficient cash balances and adequate working

FINANCIAL STATEMENTS

capital to meet its obligations as and when they fall due.

Maturity Analysis

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):-

	Carrying Amount (RM)	Contractual Undiscounted Cash Flows (RM)	Within 1 Year (RM)
31.5.2019			
Non-derivative Financial Liability			
Other payables and accruals	475,903	475,903	475,903
31.5.2018			
Non-derivative Financial Liability			
Other payables and accruals	417,944	417,944	417,944

18.2 CAPITAL RISK MANAGEMENT

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

Your Fund manages its capital based on debt-to-equity ratio. As your Fund has no external borrowings, the debt-to-equity ratio is not presented as it may not provide a meaningful indicator of the risk of borrowings.

18.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019 (RM)	2018 (RM)
FINANCIAL ASSETS		
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition		
Investments (Note 5)	152,411,872	213,327,875
Amortised Cost		
Other receivables (Note 6)	759,766	1,376,694
Short-term deposits (Note 7)	279,146,581	263,848,212
Bank balance	17,004,221	19,319,568
	296,910,568	284,544,474
FINANCIAL LIABILITY		
Amortised Cost		
Other payables and accruals (Note 8)	475,903	417,944

18.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of your Fund which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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		
	Level 1 (RM)	Level 2 (RM)	Level 3 (RM)
31.5.2019			
Financial Asset			
Investments: - quoted shares	152,411,872	-	-
31.5.2018			
Financial Asset			
Investments: - quoted shares	213,327,875	-	-

	Fair Value of Financial Instruments Not Carried at Fair Value		
	Level 1 (RM)	Level 2 (RM)	Level 3 (RM)
31.5.2019			
Financial Asset			
Investments: - quoted shares	-	-	-
31.5.2018			
Financial Asset			
Investments: - quoted shares	-	-	-

	Total Fair Value (RM)	Carrying Amount (RM)
31.5.2019		
Financial Asset		
Investments: - quoted shares	152,411,872	152,411,872
31.5.2018		
Financial Asset		
Investments: - quoted shares	213,327,875	213,327,875

(a) The fair value above was determined using the following basis:-

- The fair value of quoted equity investments is determined at their quoted closing bid prices at the end of the reporting period.
- There were no transfer between level 1 and level 2 during the financial year.

19. CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 3.1 to the financial statements, your Fund has adopted MFRS 9 and MFRS 15 during the financial year. The

financial impacts upon the adoption of these accounting standards are summarised below:-

	< ----- At 1 June 2017 ----- >			< ----- At 31 May 2018 ----- >		
	As Previously Reported (RM)	MFRS 9 Adjustments (RM)	As Restated (RM)	As Previously Reported (RM)	MFRS 9 Adjustments (RM)	As Restated (RM)
Retained profits	235,772,065	17,233,772	253,005,837	244,673,594	22,030,049	266,703,643
Fair value reserve	87,512,953	(17,233,772)	70,279,181	114,021,492	(22,030,049)	91,991,443
	323,285,018	-	323,285,018	358,695,086	-	358,695,086

Statement of Profit or Loss and Other Comprehensive Income

	< ----- 2018 ----- >			As Previously Reported (RM)	As Restated (RM)
	As Previously Reported (RM)	MFRS 9 Adjustments (RM)	As Restated (RM)		
Revenue	24,876,495	(9,020,836)	15,855,659		
Operating expenses	(13,738,863)	4,796,277	8,942,586		
Other comprehensive income	26,508,539	4,224,559	30,733,098		
				0.06	0.03
				0.06	0.03

INVESTMENT PORTFOLIO

As of 31 May 2019, 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)	Fair Value (RM)	Unrealised Profit/ (Loss) (RM)
1 APM Automotive Holdings Berhad	4,431,300	16,977,442	12,850,770	(4,126,672)
2 Bioalpha Holdings Berhad	7,086,100	1,487,180	1,417,220	(69,960)
3 Boustead Holdings Berhad	12,147,786	27,444,475	13,605,520	(13,838,955)
4 Carlsberg Brewery Malaysia Berhad	300,000	6,916,593	7,314,000	397,407
5 Kobay Technology Berhad	581,700	869,897	843,465	(26,432)
6 Malaysia Smelting Corporation Berhad	5,180,400	4,763,438	4,688,262	(75,176)
7 MKH Berhad	2,488,730	4,818,531	3,110,913	(1,707,618)
8 Oceancash Pacific Berhad	2,453,000	1,249,861	1,042,525	(207,336)
9 Padini Holdings Berhad	17,006,700	4,929,308	63,264,924	58,335,616
10 Parkson Holdings Berhad	10,742,298	21,202,731	2,846,709	(18,356,022)
11 Salutica Berhad	1,700,200	2,320,178	501,559	(1,818,619)
12 Suria Capital Holdings Berhad	11,093,280	15,400,153	14,864,995	(535,158)
13 Sam Engineering & Equipment (M) Berhad	2,540,400	19,980,510	20,069,160	88,650
14 Tong Herr Resources Berhad	2,045,000	5,069,463	5,991,850	922,387
Total	79,796,894	133,429,760	152,411,872	18,982,112

Fair value of investment of RM 152,411,872 represent 33.85% of the net asset value of RM450,208,147.

INVESTMENT PORTFOLIO

Details of the investments disposed during the financial year ended 31 May 2019 are as follows:-

	Companies	Shares	Cost (RM)	Disposal Value (RM)	Realised Gain / (loss) (RM)
1	Fraser & Neave Holdings Berhad	217,600	1,707,708	7,729,889	6,022,181
2	Kelington Group Berhad	573,000	580,077	666,782	86,705
3	Malaysia Smelting Corporation Berhad	2,454,000	2,908,987	2,775,509	(133,478)
4	Padini Holdings Berhad	1,993,300	561,081	10,347,826	9,786,745
5	Selangor Properties Berhad	2,853,000	13,566,077	17,973,900	4,407,823
6	Tong Herr Resources Berhad	168,900	308,252	646,352	338,100
	Total	8,259,800	19,632,182	40,140,258	20,508,076

Description of the Companies Businesses

APM Automotive Holdings Berhad

APM Automotive is a Malaysia automotive parts manufacturer that has expanded rapidly and become 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.

Bioalpha Holdings Berhad

Bioalpha Holdings Berhad (BHB) is an integrated health supplement company principally involved in agricultural, research and developments, manufacturing, sale of food and health supplement products, as an ODM, as well as under the Company's proprietary house brands.

Carlsberg Brewery Malaysia Bhd

The Company is principally engaged in the production of beer, stout, shandy and non-alcoholic beverages for distribution in the domestic market and for export while the other Group entities are primarily involved in the marketing and distribution.

Kobay Technology Berhad

The Company is a leading manufacturer of precision components, tooling, automation equipment and fabricated structures. Apart from manufacturing, the Company has ventured into property development.

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 business such as oil palm cultivation, furniture manufacturer 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 in South East Asia, China and Japan.

Padini Holding Berhad

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

Parkson Holding Berhad

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

Salutica Berhad

Salutica is a Malaysian vertically integrated electronic manufacturing company.

Suria Capital Holdings Berhad

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

Sam Engineering & Equipment (M) Bhd

SAM Engineering & Equipment (M) Berhad is a key player in precision machining, equipment integration and automation solutions, primarily for the aerospace and equipment industries.

Tong Herr Resources Berhad

Tong Herr Resources is a leading manufacturer of stainless steel fasteners and manufacturer of aluminum extrusion products in Malaysia.

ADDITIONAL INFORMATION

as at 31 May 2019

1. Audit and non-audit fees

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

2. Basis of the fees paid to the Fund Manager and Investment Adviser

Annual management fee : 0.75% of the Net Asset Value of your Fund.

Annual investment advisory fee : 0.75% of the Net Asset Value of your Fund.

The annual management and investment advisory fees are payable quarterly as per the Fund Management Agreement and Investment Advisory Agreement dated 6 September 2005 on the following basis: None of the brokers/dealers are related parties to the Fund Manager.

$(0.75\% \text{ divided by } 4) \text{ multiply by NAV}_{(\text{quarter})}$

$\text{NAV}_{(\text{quarter})}$, being the NAV of your Fund based on the last business day of the preceding quarterly fee period.

3. Brokers/dealers transaction information

No.	Name of Broker/ Dealer	Brokerage fees/ commissions paid (RM)	Brokerage fees/ commissions paid (%)
1.	Broker A	44,026.45	40.76
2.	Broker B	33,594.28	31.10
3.	Broker C	30,398.45	28.14
	Total	108,019.18	100

4. Fund Manager's Interest in your Fund

As at 31 May 2019, the Designated Person has a direct interest in 10,000 shares and an indirect interest in 2,159,300 shares, whilst the Fund Manager has a direct interest in 1,382,600 shares.

5. Gross Revenue of the Closed-End Fund

The information on your Fund's gross revenue is presented on page 38 in the audited income statement for the financial year ended 31 May 2019 as attached in this Annual Report.

6. Sales and Purchases by the closed-end fund where Fund Manager is counterparty

There is no sale or purchase of investment by your Fund where your Fund Manager is the counterparty to the transaction.

7. The analysis of realised and unrealised gains or income, profits and losses of investments

The analysis of realised and unrealised gains or income, profits and losses of the investments are presented on pages 48 to 49 of this Annual Report.

8. Financial information of your Fund for the last 5 financial years.

	2015	2016	2017	2018	2019
Issued and Paid-up shares	140,000,000	140,000,000	140,000,000	140,000,000	140,000,000
Total Asset Value (RM)	407,036,688	431,545,462	463,734,479	499,133,490	450,684,050
NAV (RM)					
before distr.	405,616,764	424,196,497	463,285,018	498,695,086	450,208,147
after distr.	405,616,764	424,196,497	463,285,018	498,695,086	450,208,147
NAV/share (RM)					
before distr.	2.90	3.03	3.31	3.56	3.22
after distr.	2.90	3.03	3.31	3.56	3.22
Fund Price (RM)					
Highest	2.53	2.37	2.68	2.88	2.82
Lowest	2.26	2.10	2.25	2.47	2.33
Paid Dividend/ share (RM)	N/A	N/A	N/A	N/A	N/A
Dividend Yield (RM)	N/A	N/A	N/A	N/A	N/A
Management Expenses Ratio (MER)	1.92%	1.89%	1.92%	1.83%	1.84%
MER varies compared with preceding year	-0.02%	-0.03%	0.03%	-0.09%	0.01%

The MER of your Fund has been verified by the auditors.

9. The average total return of your Fund measured over 1 year, 3 years and 5 years as at the financial year ended 31 May 2019.

	1 Year (from 31/05/2018 - 31/05/2019)	3 Years (from 31/05/2016 - 31/05/2019)	5 Years (from 31/05/2014 - 31/05/2019)
Fund's NAV	-9.55%	2.05%	1.02%
Fund's Market Price	-6.56%	1.86%	-0.81%
KLCI	-5.16%	0.51%	-2.50%

ANALYSIS OF SHAREHOLDINGS

as at 17 July 2019

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⁾ 27,671,200	⁽¹⁾ 19.765

Distribution of Shareholdings

Size of holdings	No. of holders	%	No. of shares	%
1 – 99	132	3.763	1,082	0.001
100 – 1,000	1,110	31.642	655,784	0.468
1,001 – 10,000	1,300	37.058	5,868,100	4.192
10,001 – 100,000	726	20.696	26,293,250	18.781
100,001 to less than 5% of issued shares	240	6.841	107,181,784	76.558
5% and above of issued shares	0	0	0	0
Total	3,508	100	140,000,000	100

Directors' Shareholdings

Name of Directors	No. of shares held			
	Direct	%	Indirect	%
Datuk Ng Peng Hong @ Ng Peng Hay	-	-	-	-
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	-	-	-	-
Dato' Seri Md Ajib Bin Anuar	-	-	-	-
Madam Leong So Seh	-	-	-	-
Datin Siah Li Mei	-	-	⁽²⁾ 10,000	⁽²⁾ 0.007

Notes :

⁽¹⁾ Deemed interested in shares held by DB (Malaysia) Nominee (Asing) Sdn Bhd – Favour: The Bank of New York Mellon, HSBC Nominees (Asing) Sdn Bhd – Favour: Northern Trust and Cartaban Nominees (Asing) Sdn Bhd – Favour: RBC.

⁽²⁾ Deemed interested in shares held by her spouse in Your Fund pursuant to Section 59(1)(c) of the Companies Act 2016.

Thirty Largest Shareholders

No.	Name	No. of shares	Percentage holding (%)
1.	CHONG AH HIM @ CHONG KUM KWAN	5,117,000	3.655
2.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING MARKETS COUNTRY FUND	4,891,200	3.494
3.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR GLOBAL EMERGING MARKETS FUND	3,285,600	2.347
4.	TUNKU SARA BINTI TUNKU AHMAD YAHAYA	2,800,000	2.000
5.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR THE WORLD MARKETS UMBRELLA FUND PLC	2,670,500	1.908
6.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING MARKETS GLOBAL FUND	2,232,200	1.594
7.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING BMI MARKETS COUNTRYFUND	2,216,800	1.583
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD YEOH AH TU	2,196,000	1.569
9.	HSBC NOMINEES (ASING) SDN BHD TNTC FOR UNITED MINE WORKERS OF AMERICA 1974 PENSION TRUST	2,101,300	1.501
10.	ANNHOW HOLDINGS SDN BHD	2,000,000	1.429
11.	LAM FOOK SHIN	1,832,200	1.309
12.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING MARKETS INVESTABLE FUND	1,742,000	1.244
13.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO	1,648,100	1.177
14.	LOH KIAN CHONG	1,400,000	1.000
15.	OCUVAS SDN.BHD.	1,370,000	0.979

CORPORATE GOVERNANCE OVERVIEW STATEMENT

16.	LEOW KOK MEOW & SONS SENDIRIAN BERHAD	1,250,000	0.893
17.	HENG KIM SIANG	1,238,100	0.884
18.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR CORNELL UNIVERSITY	1,221,400	0.872
19.	WONG YOON TET	1,080,000	0.771
20.	VOHRAH - MERICAN SDN BHD	1,078,200	0.770
21.	TONG CHONG KONG	1,041,000	0.744
22.	LEE SIEW LIN	1,038,000	0.741
23.	SOON KHIAT VOON	1,002,000	0.716
24.	YEOH AH TU	982,200	0.702
25.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR UNIVERSITY OF PITTSBURGH	961,000	0.686
26.	LAI HUI ENG	941,200	0.672
27.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	920,900	0.658
28.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR DESERET MUTUAL MASTER RETIREMENT PLAN	900,700	0.643
29.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR EMERGING MARKETS FREE FUND	900,300	0.643
30.	LAU YOCK YIN	880,000	0.629
	Total	52,937,900	37.813

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“your Board”) of icapital.biz Berhad (“your Fund”) supports the Principles and Practices as set out in the Malaysian Code on Corporate Governance (“MCCG” or “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.

In making this Corporate Governance (“CG”) Overview Statement, the Company is guided by Practice Note 9 of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the CG Guide (3rd edition) issued by Bursa Securities. This statement provides an overview of the Company’s application of the three (3) principles set out in the MCCG throughout the financial year ended 31 May 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Clear Roles and Responsibilities

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

No.	Outsourced Service Providers	Scope of work
a.	Capital Dynamics Asset Management Sdn. Bhd. (Fund Manager)	Fund management services
b.	Capital Dynamics Sdn. Bhd. (“Investment Adviser”)	Investment research and advisory services
c.	Boardroom Corporate Services Sdn. Bhd. (formerly known as Boardroom Corporate Services (KL) Sdn. Bhd.) (“Corporate Secretarial”)	Corporate secretarial services
d.	Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.) (“Registrar”)	Share registration services
e.	TMF Administrative Services Malaysia Sdn. Bhd. (“Administrator”)	Accounting and administrative services
f.	Standard Chartered Bank Malaysia Berhad (“Custodian”)	Custodian services
g.	PKF Advisory Sdn. Bhd. (“Internal Auditors”)	Internal audit function

The principal investment policies adopted by your Fund are to invest primarily 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 (“corporate website”).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Clause 111(3) of your Fund's Constitution.

Mr. Tan Teng Boo, the designated person of the Fund Manager ("Designated Person"), updates your Board on the investment portfolio of your Fund, economic and market outlook at Board meetings held from time to time. The investment portfolio of your Fund is disclosed on pages 48 to 49 of this Annual Report.

Separation of Positions of the Chairman & 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, skills, experiences, age, ethnicity, gender and knowledge, can bring a broader view to management duties of your Fund.

After the date of this statement, Datuk Ng Peng Hong @ Ng Peng Hay, who has served your Fund for more than nine (9) years since his appointment as Independent Non-Executive Director on 26 April 2010, was re-designated from Independent Non-Executive Chairman to Non-Independent Non-Executive Chairman of your Board and resigned as the Chairman and member of NC.

Access to Information

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 in hard copies and via e-mail to the Directors before the meetings to allow sufficient time for review and to obtain explanations, if needed.

The Directors, collectively or individually, have unrestricted access to the Company Secretary and may also seek independent professional advice and information in furtherance of their duties and responsibilities at your Fund's expense, 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 Secretary of the Director's intention to seek independent advice with a brief summary of the subject matter; and
- iii. The 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.

Company Secretary

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 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.

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 periodically reviewed and updated in accordance with the practicality and needs of your Fund and any new regulations that may have an impact on the discharge of your Board's duties and responsibilities.

The Board Charter which was updated on 9 April 2018, is made available on the corporate website.

Code of Ethics & Conduct

Your Board adopted the Directors' Code of Ethics and Conduct ("the Code of Conduct"), which was updated on 9 April 2018 and is made available on the corporate website.

Your Board and Service Providers are guided by the Code of Conduct in discharging its oversight roles and responsibilities effectively. The Code of Conduct requires your Board and Service Providers to observe high ethical business standards, maintain a healthy corporate culture 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.

Whistle-Blowing Policy and Procedures

Your Board had also adopted Whistle-blowing Policy, which is made available on the corporate website. This provides an avenue for Service Providers, stakeholders and share owners of the public to disclose any improper conduct within your Fund via post to the Chairman of the Audit Committee ("AC") at the registered address of your Fund, details of which are set out in the inside back cover page 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.

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 on pages 32 to 33 of this Annual Report and on the corporate website.

II. Board Composition

Board Composition and Balance

Your Board has five (5) members, all of whom are Independent Non-Executive Directors. This exceeds the MMLR which only requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be Independent Non-Executive Directors.

Currently, there are two (2) women Directors on the Board, comprising 40% of Board's composition.

After the date of this statement, Datuk Ng Peng Hong @ Ng Peng Hay, who has served your Fund for more than nine (9) years since his appointment as Independent Non-Executive Director on 26 April 2010, was re-designated from Independent Non-Executive Chairman to Non-Independent Non-Executive Chairman of your Board and resigned as the Chairman and member of NC.

All Directors contribute in areas such as policy and performance monitoring, as well as improving governance and controls. They are independent and free of any relationship which could materially interfere with the exercise of their independent judgement and objective participation and decision making process of your Board.

Your Board is ensured of a balanced view arising from the Directors having diverse professional background, skills, experiences, age, ethnicity, gender 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.

The profile of Directors is set out in Directors' Profile in this Annual Report.

In order to ensure effective discharge of its fiduciary duties, your Board has delegated certain responsibilities to Board Committees, namely the AC and Nomination Committee ("NC"). 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.

Nomination Committee

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
Madam Leong So Seh	Chairperson	Independent Non-Executive Director
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	Member	Independent Non-Executive Director
Datin Siah Li Mei	Member	Independent Non-Executive Director

Datuk Ng Peng Hong @ Ng Peng Hay, who has served your Fund for more than nine (9) years since his appointment as Independent Non-Executive Director on 26 April 2010, was re-designated from Independent Non-Executive Chairman to Non-Independent Non-Executive Chairman of your Board and resigned as the Chairman and member of NC.

The duties and responsibilities of the NC are set out in the Terms of Reference of NC, which was updated on 9 April 2018 and are available on the corporate website.

During the financial year ended 31 May 2019 ("FYE 2019"), the NC has undertaken the following activities:-

- a. Conducted the annual Board and Board Committee Assessments for the FYE 2019;
- b. Reviewed the outcome of the Board and Board Committee Assessments;
- c. Reviewed and assessed the independence of the Independent Non-Executive Directors;
- d. Reviewed and assessed term of office and performance of the AC and each of its members;
- e. Reviewed the retirement by rotation, re-election and re-appointment of the Directors pursuant to the Constitution of your Fund and the Companies Act 2016;
- f. Conducted annual review on the Terms of Reference of NC and recommended to your Board for approval;
- g. Reviewed and recommended the following statements for Annual Report to your Board for approval:-
 - Board's succession plan;
 - Diversity policy; and
 - Assessment criteria of the training attended by the Directors;
- h. Reviewed the training needs of the Directors;
- i. Reviewed the composition and size of the Board of Directors;
- j. Identified and recommended suitable candidate as Independent Director to your Board for approval; and
- k. Reviewed and recommended the Independent Director who has served as Independent Non-Executive Director of your Fund for a cumulative term of more than nine (9) years, whether to continue to act as Independent Non-Executive Director or to be re-designated as Non-Independent Non-Executive Director of your Fund.

Board and Board Committee Assessments

The NC is responsible to your Board in assessing the performance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 of Board Effectiveness Form and Directors' Evaluation Form – Self and Peer Assessment ("Evaluation Forms") completed by your Board members. Your 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 for FYE 2019, 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 your Board and Board Committees and their respective members had performed satisfactorily in the discharge of their duties and responsibilities.

Annual Assessment of Level of Independence of Director

Your Board, through the NC, reviews and assesses the independence of the 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 for the FYE 2019, 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.

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.

Term of Office of the Audit Committee

The NC reviewed and assessed the term of office and performance of the AC and each of its members through the AC Evaluation Form (duly 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.

Tenure of Independent Directors

Your Board, as documented in the Board Charter, takes cognisance that under the Code the tenure of an Independent Director should not exceed a cumulative term of nine (9) years, unless share owners' approval is obtained to retain such Director as an Independent Director. Alternatively, an Independent Director may continue to serve on your Board if such Director is re-designated as a Non-Independent Director upon completion of nine (9) years tenure.

As at the date of this statement, Datuk Ng Peng Hong @ Ng Peng

Hay has served your Fund for more than nine (9) years since his appointment as Independent Non-Executive Director on your Board with effect from 26 April 2010.

The NC and your Board have evaluated the independence of Datuk Ng Peng Hong @ Ng Peng Hay and concluded that throughout his tenure, he has remained independent in his views and in exercising judgement in deliberations at Board/Board Committee meetings, without being influenced by operational consideration and has always acted in the best interest of all share owners.

Your Board is of the opinion that a Director's independence cannot be determined solely with reference to his tenure of service. Instead, a Director's integrity, business knowledge or judgement, ability for dispassionate discourse, and the discharge of his duties and responsibilities in the best interest of your Fund, are also valid criteria to determine his independence and effectiveness.

However, based on the Code, your Board had deliberated that Datuk Ng Peng Hong @ Ng Peng Hay be re-designated from Independent Non-Executive Chairman to Non-Independent Non-Executive Chairman on your Board. As such, he would resign as Chairman and member of NC.

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 may use independent sources to identify potential candidate with the required mix of skills, experience, gender, age, character 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 (1/3) of the Directors, or their number is not three (3), then the number nearest to one-third (1/3), shall retire from office at every Annual General Meeting ("AGM"), provided always that all the Directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors who are appointed by your Board to fill a casual vacancy 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.

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 Madam Leong So Seh and Datin Siah Li Mei, who are due for retirement by rotation pursuant to Clause 100(1) and Clause 107 of your Fund's Constitution respectively at the forthcoming AGM and being eligible, have offered themselves for re-election.

To assist the share owners in their decision, sufficient information such as personal profiles of the Directors standing for re-election are disclosed on page 26 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 your Board, including gender, ethnicity and age.

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 reputation with diversified professional background, skills, necessary experience and knowledge for the performance of their duties.

As for your Board’s succession plan, your Board will ensure an orderly succession of Directors based on the criteria set by the NC. Your Board agreed that if it is needed to fill a casual vacancy due to the resignation or retirement of any Director, your Board will search for a suitable candidate in the following manner:-

- i. Your Board, through the NC, will identify desirable Director’s professional background, gender, age, character, diversity, skills, experience, 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.

Time Commitment

In accordance with the Board Charter, the Directors are required to notify the Chairman before accepting any new directorships and to indicate the time expected to be spent on the new appointment.

To ensure that 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 your Board and has a good attendance record for meetings held during the FYE 2019. The table below shows the full attendance of all the Directors for meetings held during the FYE 2019:-

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

Directors’ Training

All the Directors have attended the Mandatory Accreditation Programme (“MAP”) as required by Bursa Securities except for Datin Siah Li Mei, who will attend the MAP within four (4) months from the date of her appointment as an Independent Non-Executive Director of your Fund. 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 such as changes in laws. Your Board is also regularly briefed on the performance of your Fund and the outlook of the local and global markets.

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

During the FYE 2019, your Board members attended the following Directors’ continuing education programme(s):-

Director	Date	Course/Seminar/Conference/ Forum Attended	Presenter/ Organiser
Datuk Ng Peng Hong @ Ng Peng Hay	22 November 2018	Overview of SST 2.0 in Malaysia	NeedsBridge Advisory Sdn. Bhd.
	14 April 2019	Global Investor Week	Capital Dynamics Sdn. Bhd.
Dato’ Seri Md Ajib Bin Anuar	25-27 July 2018	6 th China Tin Industry Annual Conference Chifeng- Inner Mongolia, China	Cognition Am Ltd
	11-13 October 2018	CRU Breakfast Forum on metals, London	Commodities Research Unit, United Kingdom
	22 October 2018	4th Symposium on Human Capital Development for the Minerals Resources Section, UKM Bangi	University Kebangsaan Malaysia
	14-18 November 2018	China Asean Mining Cooperation Forum & Exhibition – Nanning, China	CAMCFE
	29 November 2018	National Conference & Exhibition on Mineral Resource – Kuala Lumpur	Ministry of Water, Land & Natural Resources
	6 December 2018	ASEAN Private Sector Forum on Mineral Resources – Manila, Philippines	ASEAN Senior Officials/ AFMA
Dato’ Sri Syed Ismail Bin Dato’ Haji Syed Azizan	14 April 2019	Global Investor Week	Capital Dynamics Sdn. Bhd.
	10 October 2018	Gearing Up for Corporate Liability	Malaysia Anti-Corruption Academy

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Director	Date	Course/Seminar/Conference/ Forum Attended	Presenter/ Organiser
Madam Leong So Seh	5 July 2018	Sustainability Engagement Series for Directors/ Chief Executive Officers 2018 for Main Market	Bursa Malaysia Berhad
	18 Septmeber 2018	Corporate Directors Conference: KING on Governance, Value Creation in the Era of Seismic Disruption	Malaysian Alliance of Corporate Directors (MACD)
	18 February 2019	Powers of Directors - Extent, Limitations & Restrictions	Malaysian Institute of Accountants (MIA)
	20 February 2019	Introduction to Sustainability Reporting	Consultants
	4-5 March 2019	Sustainability Reporting Workshop for Practitioners 2019	Bursa Malaysia Berhad
	12 March 2019	Board of Directors Training on MFRS 9, 15, 16 and 141	Deloitte PLT
	13 March 2019	Power Talk: Revisiting the Misconception of Board Remuneration	Institute of Corporate Directors Malaysia (ICDM)
	3 April 2019	Integrated Corporate Solutions driven by Innovation and Technology	Boardroom Corporate Services Sdn. Bhd.
	14 April 2019	Global Investor Week	Capital Dynamics Sdn. Bhd.
	30 April 2019	Engagement Session with Audit Committee Members on Integrated Reporting	Malaysian Institute of Accountants (MIA)
	6 May 2019	Launch of the Securities Commission's Corporate Governance Monitor 2019	Securities Commission Malaysia (SC)
27 May 2019	Corporate Liability Provision in the MACC Act 2009 and the ISO 37001: 2016 Anti Bribery Management System	Consultants	

III. Directors' Remuneration

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

The details of the remuneration policy and procedures are disclosed in your Fund's Remuneration Policy for Directors, which are available on your Fund's corporate website on 9 April 2018.

The detailed disclosure on named basis for the remuneration of individual Directors for FYE 2019 are set out below:-

Directors	Fees (RM)	Allowance (RM)	Bonus (RM)	Benefits in kind (RM)	Others (RM)	Total (RM)
Datuk Ng Peng Hong @ Ng Peng Hay	60,000	12,250	-	-	-	72,250
Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan	50,000	14,250	-	-	-	64,250
Dato' Seri Md Ajib Bin Anuar	55,000	13,250	-	-	-	68,250
Madam Leong So Seh	50,000	14,250	-	-	-	64,250
Total	215,000	54,000	-	-	-	269,000

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Composition

The AC assists your Board in its oversight of your Fund's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of your Fund. The Chairman of the AC and the Chairman of your Board are held by separate persons.

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities are set out in the AC Report on pages 27 to 28 of this Annual Report.

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 2019.

The AC had obtained written assurance from the External Auditors, Crowe Malaysia PLT (formerly known as Crowe Malaysia), 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 2019 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 (5) 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.

The Terms of Reference of the AC had been revised requiring a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC.

In safeguarding and supporting the External Auditors' independence and objectivity, your Board had established an Auditor Independence Policy to set out the basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services.

A summary of the activities of the AC during the year is set out in the AC Report on pages 27 to 29 of this Annual Report.

II. Risk Management and Internal Control Framework

Establishment of Risk Management and Internal Control Framework

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 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 plans 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 29 to 32 of this Annual Report.

Effectiveness and Independence of Internal Auditors

Your Fund has appointed PKF Advisory Sdn Bhd, an independent 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.

A summary of the activities and details of the Internal Auditors including internal audit function during the financial year are set out in the AC Report on pages 28 to 29 of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

Corporate Disclosure Policies and Procedures

Your Board has adopted a Corporate Disclosure Policy and Procedures which is available on the corporate website on 10 April 2017. In formulating the Corporate Disclosure Policy and Procedures, your Fund has taken into account the Code and the disclosure obligations contained in the MMLR.

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.

II. Conduct of Annual General Meetings

Encourage Share Owners Participation at General Meetings

The AGM and any general meeting of your Fund serve 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 10 November 2018.

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, the Fund Manager, the Administrator and the External Auditors, if so required, will endeavor to respond to share owners' questions during the meeting.

Notice of AGM

Proper notices of AGM or any general meeting are at all times dispatched to the share owners at least twenty-eight (28) 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 2019 AGM will be issued to share owners on 23 August 2019, Twenty-Nine (29) days prior to the AGM (in excess of the minimum notice period of 21 days prescribed by the MMLR).

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 proxy lodgement system to facilitate greater share owners' participation after taking into consideration its reliability, applicability and cost efficiency.

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 Net Asset Value ("NAV") per share can be found in www.bursamalaysia.com and 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, roadshows as and when necessary; and
- vi. Responding to e-mails and letters from share owners.

This Corporate Governance Overview Statement was approved by your Board on 16 July 2019.

NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS' RESPONSIBILITY STATEMENT

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 35 of this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of **ICAPITAL.BIZ BERHAD** will be held at The Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Saturday, 21 September 2019 at 9.00 a.m for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 May 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**
2. To approve the Directors' fees payable to the Directors of the Company amounting to RM215,000 for the financial year ended 31 May 2019. **Ordinary Resolution 1**
3. To approve the aggregate benefits payable of up to RM70,000 to the Directors of the Company from 22 September 2019 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**
4. To re-elect Leong So Seh who is retiring pursuant to Clause 100(1) of the Constitution of the Company and, being eligible, has offered herself for re-election. **Ordinary Resolution 3**
5. To re-elect Datin Siah Li Mei who is retiring pursuant to Clause 107 of the Constitution of the Company and, being eligible, has offered herself for re-election. **Ordinary Resolution 4**
6. To re-appoint Crowe Malaysia PLT (formerly known as Crowe Malaysia) as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**
7. 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: 23 August 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend and vote in his place. A proxy may but need not be a member of the Company.
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 Special Share Registrar's office (for the 15th AGM) at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote together with (if required by the Board) any authority under which it is made or a copy of the authority, certified notarially or in some other manner approved by the Board.

(ii) By electronic means

In the case of an appointment made by electronic means,

a) via Fax

Share owner proxy form to be received via facsimile at fax number **603-2783 9222** 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 Special Share Registrar's

office (for the 15th AGM) at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

b) via Tricor Online system (TIIH Online)

Share owner proxy form be electronically lodged via TIIH Online (applicable for individual share owner only). The website to access TIIH Online is <https://tiih.online>. (Kindly refer to Annexure 1 of the Proxy Form – Electronic Lodgement of Proxy Form for general meeting).

8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 September 2019 (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.

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 2019, 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 businesses have been tabled at the Fifteenth 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)

CDS Account Number of Holder

PROXY FORM

No. of shares held

I/We _____ Tel: _____

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

of _____

[Full address]

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

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

**and/or (delete as appropriate)*

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

or failing him/her, the *Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at The Grand Ballroom, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Saturday, 21 September 2019 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 payable to Directors of the Company for the financial year ended 31 May 2019.		
Ordinary Resolution 2	Approval of aggregate benefits payable to Directors of the Company from 22 September 2019 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 3	Re-election of Leong So Seh as Director.		
Ordinary Resolution 4	Re-election of Datin Siah Li Mei as Director.		
Ordinary Resolution 5	Re-appointment of Crowe Malaysia PLT (formerly known as Crowe Malaysia) as Auditors of the Company and to authorise the Directors to fix their remuneration.		

(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:

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 Special Share Registrar's office (for the 15th AGM) at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote together with (if required by the Board) any authority under which it is made or a copy of the authority, certified notarially or in some other manner approved by the Board.

Fold this flap for sealing

(ii) By electronic means

In the case of an appointment made by electronic means:-

a) *via Fax*

Share owner proxy form be received via facsimile at fax number 603-2783 9222 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 Special Share Registrar's office (for the 15th AGM) at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

b) *via Tricor Online system (TIIH Online)*

Share owner proxy form be electronically lodged via TIIH Online (applicable for individual share owner only). The website to access TIIH Online is <https://tiih.online>. (kindly refer to the Annexure I – Electronic Lodgement of Proxy Form for general meeting)

8. In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 September 2019 (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 23 August 2019.

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AFFIX
STAMP

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

Then fold here

ANNEXURE 1






ELECTRONIC LODGEMENT OF PROXY FORM FOR GENERAL MEETING

Please be informed that share owner can have the option to lodge the proxy form electronically through TIIH Online (“**e-proxy form**”) in addition to lodging the physical proxy forms.

TIIH Online is a web-based facility that provides an online platform for security holders (individuals only) to perform lodgement of document/form electronically which includes proxy form in paperless form (“e-lodgement”). Once you have successfully lodged your e-proxy form, you are no longer required to complete and lodge the physical proxy form to Tricor office.

To assist you on how to engage with e-lodgement of proxy form, kindly read and follow the guidance notes which are detailed below:









1. Sign up as user of TIIH Online

-  Using your computer, access TIIH website at <https://tiih.online>.
-  Sign up as a user by completing the registration form. Registration is free.
-  Upload a softcopy of your MyKad (front and back) or your passport.
-  Administrator will approve your registration within one working day and notify you via email.
-  Activate your account by re-setting your password.

Notes:

- (i) If you are already a user of TIIH Online, you are not required to sign up again.*
- (ii) An email address is allowed to be used once to register as a new user account, and the same email cannot be used to register another user account.*
- (iii) At this juncture, only individual security holders are offered to register as user and participate in e-lodgement.*

2. Proceed with e-lodgement of proxy form

-  After the release of the Notice of Meeting by the Company, login with your user name (i.e. e-mail address) and password.
-  Select the corporate event: “Lodgement of Proxy Form.”
-  Read and agree to the Terms & Conditions and confirm the Declaration.
-  Insert the CDS account number and indicate the number of securities for your proxy(s) to vote on your behalf.
-  Appoint your proxy(ies) or chairman and insert the required details of your proxy(ies).
-  Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
-  Review & confirm your proxy(ies) appointment.
-  Print e-proxy form for your record.

TIIH's Contact

Should you need further clarification on the e-lodgement of proxy form, you can contact TIIH as follows:-

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

Telephone No. : 03-27839299

Fax No: 03-27839222

Email : is.enquiry@my.tricorglobal.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

Leong So Seh
(Independent Non-Executive Director)

Datin Siah Li Mei
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman :

Dato' Seri Md Ajib Bin Anuar

Members :

Dato' Sri Syed Ismail Bin Dato'
Haji Syed Azizan

Leong So Seh

NOMINATION COMMITTEE

Chairperson :

Leong So Seh

Members :

Dato' Sri Syed Ismail Bin Dato'
Haji Syed Azizan
Datin Siah Li Mei

STOCK EXCHANGE LISTING

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

FUND MANAGER

**Capital Dynamics Asset
Management Sdn. Bhd.**
(Company No. 389773-H)
16.01B, 16th Floor
Plaza First Nationwide
161, Jalan Tun H.S. Lee
50000 Kuala Lumpur

Designated Person: Tan Teng Boo

Tel: (603) 2070 2106 – 8

Fax: (603) 2070 6653

Email: cdam@cdam.biz

Website: www.cdam.biz

INVESTMENT ADVISER

Capital Dynamics Sdn. Bhd.

(Company No. 171744-U)
16.01A, 16th Floor
Plaza First Nationwide
161, Jalan Tun H.S. Lee
50000 Kuala Lumpur

Tel: (603) 2070 2104/5
(603) 2070 1654(75)

Fax: (603) 2070 2103

Email : cdsb@icapital.biz

Website : www.icapital.biz

ADMINISTRATOR

TMF Administrative

Services Malaysia Sdn. Bhd.
(Company No. 341368-X)
10th Floor, Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur

CUSTODIAN

Standard Chartered Bank

Malaysia Berhad
(Company No. 115793-P)
Level 24, Equatorial Plaza
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: (603) 7720 1188
Fax: (603) 7720 1111

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

(formerly known as Symphony
Share Registrars Sdn. Bhd.)
(Company No. 378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7841 8088/8099
Fax: (603) 7841 8100

SECRETARIES

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

AUDITORS

Crowe Malaysia PLT

(formerly known as Crowe Malaysia)
(LLP0018817- LCA & AF1018)
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

FUND'S CORPORATE WEBSITE

www.icapital.my

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